Mid-Year Financial Report
July—December 2010

BOARD OF SUPERVISORS

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Introduction

This is the Chief Executive Office's Mid-Year Financial Report for the period of July 2010-December 2010 for the 2010-2011 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 2010.

While the Mid-Year Report primarily deals with the status of the County's budget as of December 31, 2010, it includes a look forward at the significant budget challenges facing the State of California and county government, as well as a discussion on the budget strategies currently in place, and those being developed, to assure a balanced budget in Budget Years 2011-2012 and 2012-2013.

In Budget Year 2011-2012 the County anticipates continued declining and flat revenues as a result of the impacts of the worsening economy on property and sales taxes, reductions in health care and social services funding, the on-going State budget crises, and increased retirement costs. Stanislaus County developed a 30-month strategy beginning Mid-Year 2009-2010 to provide time for the organization to restructure given the significant reductions in revenue available to the County. It is clear that the challenges to the County will continue well beyond the initial 30-month period, as indicated by the current projected General Fund shortfall of $28 million for Budget Year 2011-2012.

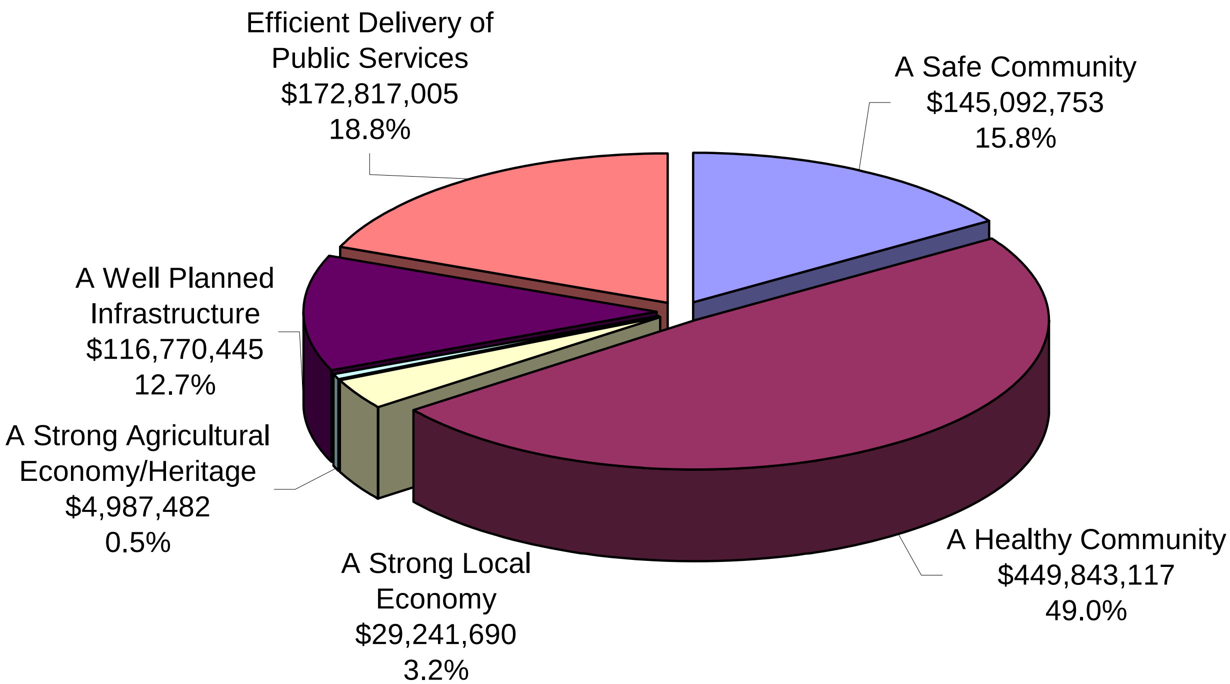
Summary

On September 14, 2010 the Board of Supervisors adopted the Fiscal Year 2010-2011 Final Budget for Stanislaus County. This spending plan of $918,752,492 for all funds reflected an increase of $6,361,533 or a 1% increase over the 2010-2011 Adopted Proposed Budget and a 4% decrease from the previous years 2009-2010 Adopted Final Budget. The Adopted Final Budget was balanced and used a combination of $878,533,421 in revenue and $40,219,071 in fund balance and one-time funding sources.

The County's 2010-2011 Final Adopted General Fund Budget totaled $237,011,466, an increase of $21,070 from the Adopted Proposed Budget adopted in June 2010 and a 5% decrease from the 2009-2010 Final Budget. The Adopted Final Budget for Fiscal Year 2010-2011 includes $4.6 million in Appropriations for Contingency funds for future exposures.

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

Fiscal Year 2010-2011
Final Budget Expenditures
By Board Priority
$918,752,492



BUDGET OVERVIEW

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

Overall Summary of Requested First Quarter Adjustments

The 2010-2011 First Quarter Financial Report reflected a fiscal review of department budgets recommended only a slight, decrease of $31,370. There were no requests for additional funding from the General Fund and first quarter adjustments were funded by Non-General Fund sources. The recommendations decreased estimated revenue by $108,552, resulting in an increase in the use of departmental fund balance of $53,000, and retained earnings of $24,182.

The recommended changes were primarily within the Chief Executive Office (CEO)-Criminal Justice Facilities Fund and the General Services Agency. In the CEO-Criminal Justice Facilities Fund, it was recommended to increase appropriations by $53,000 to fund six months of the Salida Substation Lease costs funded by departmental fund balance. This funding was tied to the actual start of the Day Reporting Center, a collaboration between the Sheriff's Department and Probation Department, which began January 1, 2011.

In the General Services Agency, the Department requested approval to implement a restructuring of the Central Services Division. The restructuring included the elimination of print services as a support function provided to County departments effective December 31, 2010. The Department also requested to implement an Electronic Data Management (EDM) Program as a new core function of the Warehouse/Salvage Unit. These recommendations resulted in a decrease in appropriations and estimated revenue by $50,033 and $74,215 respectively, along with an increase in the use of retained earnings of $24,182 to purchase or lease equipment necessary for the document scanning and archival services.

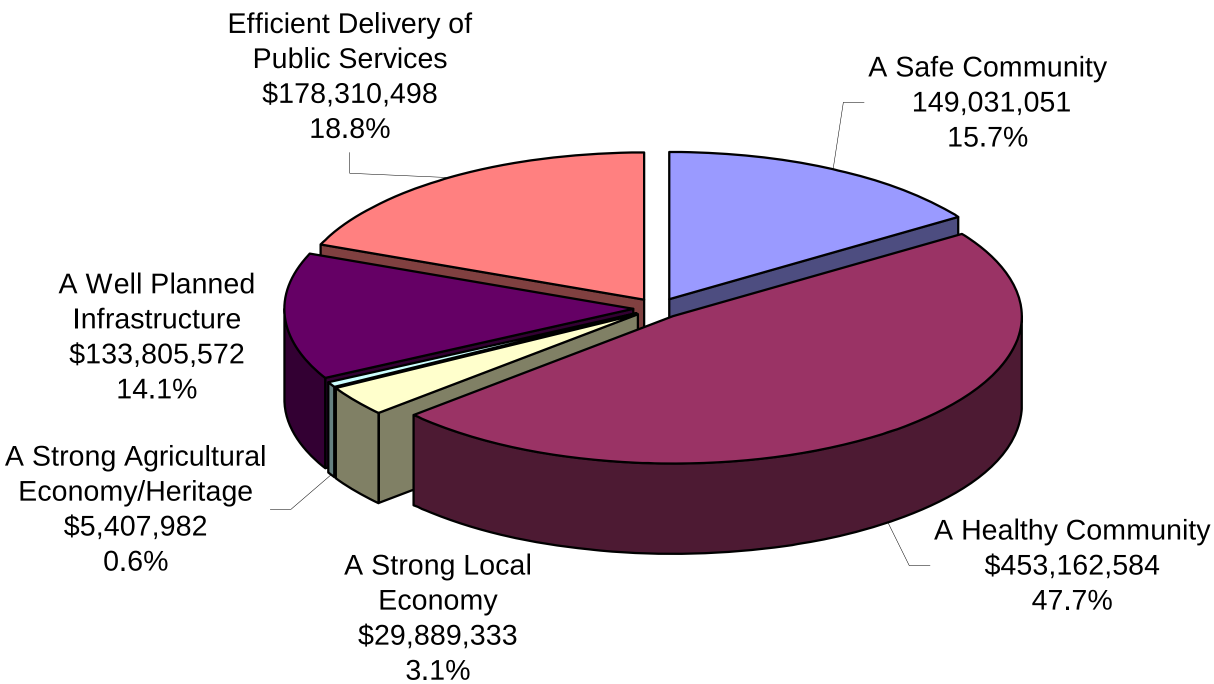
Summary of Budget Adjustments

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 identified as Assigned fund balance 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 financial reports or in separate Board of Supervisor action agenda items. The sum of these adjustments through December 31, 2010 total $30,854,527. This reflects $26,453,442 in funding that was carried forward and $4,401,085 in budget adjustments approved by the Board of Supervisors in the current fiscal year through December 2010.

The result of these adjustments made prior to the mid-year review increase the total County budget to $949,607,019 million in available spending authority in the current fiscal year.

The following chart reflects the adjusted budget by Board of Supervisors priority as of December 31, 2010:

Fiscal Year 2010-2011 Adjusted Budget
Expenditure by Board Priority
$949,607,020 as of December 31, 2010



2010-2011 MID-YEAR OVERVIEW

The Adopted Final Budget for Fiscal Year 2010-2011 was the culmination of many months of planning and represents the second year of a multi-year fiscal and program restructuring effort for Stanislaus County government. To address the further erosion in discretionary revenue, the Fiscal Year 2010-2011 budget included a 9% or $9.3 million reduction in the General Fund revenue allocation to all departments receiving a General Fund contribution. The budget included no additional department funding for negotiated salary increases, increased health insurance costs and retirement cost increases. General Fund departments were given the opportunity to carryover 75% of the department's 2009-2010 unused net county cost, or savings for the 2010-2011 and 2011-2012 budget year.

Staff continues to identify solutions and strategies that will allow the County to maintain a balanced budget while preserving the programs most critical to the community. The 2011-2012 budget reductions will focus largely on the preservation of core and mandated services. The leadership of local County government must continue to define for the public a clear understanding of what its core responsibilities are given the program mandates and funding available to deliver services in anticipation of the State's 2011-2012 Proposed Budget.

Overall Summary of Requested Mid-Year Adjustments

The 2010-2011 Mid-Year Financial Report reflects recommended adjustments, a fiscal review of departmental budgets, and a cash analysis, by fund, at mid-year:

- Departments requested a total of $16.9 million in net increases to the current year spending plan;

- The Chief Executive Office's mid-year recommendations include a total increase in appropriations of $1,075,403 funded by increased revenue and use of fund balance/retained earnings. While individual budget units may have decreased revenue, the recommendations include an overall increase in estimated revenue of $665,103, resulting in an increased use of fund balance/retained earnings of $410,300;

- Also recommended are a transfer from the Appropriations for Contingencies totaling $3,973 for Civil Grand Jury fees, not fully previously budged.

LOOKING AHEAD

Looking forward to Budget Year 2011-2012, significant concerns remain in many areas which are highlighted below.

Retirement

In 2010-2011, the Stanislaus County Employee Retirement Association (StanCERA) took action to mitigate proposed retirement rate increases. The $20 million contribution by StanCERA reduced the County's increased retirement costs to $24.8 million. Of the $24.8 million, approximately $11.4 million is General Fund costs. While this action was instrumental in mitigating the increased retirement costs in Fiscal Year 2010-2011, an even larger exposure remains with projected retirement rate increases in Budget Year 2011-2012. The County will need to absorb the $20 million that was mitigated last fiscal year plus any new retirement cost increases. It is anticipated that the most recent actuarial study will be presented to the StanCERA Board in March and the Retirement Board will shortly thereafter take action to determine the County's retirement rates for 2011-2012.

On December 21, 2010, the Board of Supervisors approved a modification of retirement benefits for unrepresented employees hired after December 31, 2010 to the former Tier Two retirement benefit structure which was in place prior to March 2002 (reduced benefit formula; 2% at age 61 for miscellaneous employees, 2% at age 50 for safety employees and a final average salary calculation based on final 36 months average salary). This modification affects all unrepresented employees and 10 of the 15 County bargaining units. The exceptions are Attorneys and the four AFSCME bargaining units. The County currently has a tentative agreement with Attorneys and will start negotiations with AFSCME in early March. A hard hiring freeze is currently in force for all classifications represented by AFSCME and the Attorney bargaining units until negotiations are completed.

Health and Human Services

Significant exposures exist in the In-Home Supportive Services (IHSS) program. The IHSS program has experienced growth in size and cost while available dollars to fund the program are shrinking. The County does not have the discretion to discontinue the program, nor can the County reduce services to eligible customers per program regulations. The 2010-2011 Adopted Final Budget did not fully fund the IHSS individual provider wages and benefits for 2010-2011, and anticipated an exposure of $1.3 million to the County's General Fund. As reported in the First Quarter Financial Report, as a result of decreased caseload growth and a State-mandated 3.6% reduction in hours, the exposure to the General Fund decreased to $897,975. Additionally, the Community Services Agency fund balance of $554,530 was created after year-end close from higher than anticipated August realignment revenue and can further reduce the General Fund exposure to $343,445 in the current year. It is projected that the IHSS program will have a General Fund shortfall of $3.2 million in Budget Year 2011-2012, due to the expiration of the Federal Medicaid Assistance Percentage (FMAP) on June 30, 2011.

For the past several years, the IHSS program has been one of the fastest-growing programs in terms of General Fund exposure. Recent months' actual caseloads indicate a slowing of growth. Also, the State's Proposed Budget for 2011-2012 would reduce all recipient hours by an additional 8.4%; the financial impact to the County as a result of this proposal is still under analysis. Finally, labor negotiations are ongoing between the IHSS Public Authority and the United Domestic Workers of America, as the existing Memorandum of Understanding expired on September 30, 2010.

As part of the 2010-2011 Proposed Budget, the Health Services Agency identified a significant exposure of $2.3 million in the current year for the Medically Indigent Adult (MIA) program that remains unfunded. Litigation continues on patient liability/share of cost issues. The Department has completed a local cost of living study that will be presented to the Board as part of a public hearing on any necessary changes, and will include recommendations on funding the exposure in 2010-2011.

As part of the 2010-2011 State Budget, the Governor eliminated State funding and suspended the mandate for AB 3632 concerning seriously emotionally disturbed (SED) youth, although the underlying Federal statutes remain. The Community Services Agency was the funding/claiming agent for residential placement costs associated with this program, and at this time can no longer claim these costs with the State, resulting in the zeroing out of the Department's SED budget, including the return of unused County Match. Behavioral Health and Recovery Services (BHRS) continues to provide treatment services for SED youthdue to the various legal challenges underway. The unused County Match is being transferred to BHRS to fund the residential placement costs, which allows BHRS to continueusing limited Federal treatment funding appropriately. There are several lawsuits throughout the State on this issue, including one that Stanislaus County has joined.

Caseload growth in cash aid programs – CalWORKs, Foster Care, Adoptions Assistance – continue to increase. While funded in the current year, the Community Services Agency anticipates a General Fund exposure of approximately $1.4 million in 2011-2012, and $2.6 million in 2012-2013 if these trends continue. In addition, caseload growth in General Assistance continues to increase as well. If this trend continues into the future, the Department anticipates a General Fund exposure of approximately $655,000 in 2011-2012 and $1.2 million in 2012-2013.

Labor Relations

In April 2010, the County reached agreements with the 12 County labor organizations supporting across-the-board 5% salary cost deductions for County employees over the next two fiscal years, 2010-2011 and 2011-2012. During the cost deduction negotiations, the County reached agreements with the Stanislaus Sworn Deputy Association and Sheriff Management Association to extend the expiration of their current Memorandums of Understanding (MOU). Additionally, the County has been able to reach new agreements with the Sheriff's Supervisor Association, District Attorney Investigators' Association, Deputy Sheriffs' Association, Service Employees International Union, Deputy Probation Officers' Association, California Nurses' Association, Group Supervisor's Association, and Emergency Dispatcher's Association. These contracts are scheduled to expire June 30, 2012, which coincides with the 5% salary cost deduction agreements. The County currently has a tentative agreement with the County Attorneys' Association and will be starting negotiations with Stanislaus County Employees Association (AFSCME) in early March 2011.

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

Bargaining Unit	Allocated Positions	Percent of Workforce	Contract Expiration Date
County Attorneys' Association	69	1.9%	6/30/2010
Stanislaus County Employees' Association, (AFSCME) Local 10	1,978	53.6%	5/31/2011
California Nurses Association	89	2.4%	6/30/2012
Deputy Probation Officers Association	96	2.6%	6/30/2012
District Attorney Investigators' Association	13	0.4%	6/30/2012
Deputy Sheriff's Association - Custodial	198	5.4%	6/30/2012
Stanislaus Regional Emergency Dispatchers' Association	41	1.1%	6/30/2012
Group Supervisor's Association	82	2.2%	6/30/2012
Service Employees International Union, (SEIU) Local 521	562	15.1%	6/30/2012
Stanislaus Sheriff's Management Association	14	0.4%	6/30/2012
Sheriff's Supervisor Association	20	0.5%	6/30/2012
Stanislaus Sworn Deputies Association	142	3.8%	6/30/2012
Unrepresented	386	10.5%	N/A
Total	3,690	100%	

1 Tentative agreement through June 30, 2012 subject to ratification

2 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 expired 9/30/2010

Williamson Act

As a result of the passage of the Open Space Subvention Act nearly forty years ago, the State has provided funding to local governments to replace revenue lost to landowners enrolled in the Williamson Act Program. Statewide, over $37 million has historically been included in the State budget as subvention funding. Due to the looming budget crisis in Fiscal Year 2009-2010, the Governor removed all but $1,000 of subvention funding statewide to serve as a placeholder, resulting in a loss of approximately $1.3 million in revenue to Stanislaus County. Subvention funds are paid directly to the County General Fund, and the loss added to the growing local budget deficit. The adopted State budget for Fiscal 2010-2011 once again did not include funding for counties for the Williamson Act Subvention, repeating the approximately $1.3 million loss to General Fund discretionary revenue.

On October 19, 2010, Governor Schwarzenegger signed SB 863 into law, providing an opportunity for counties to offset a portion of the loss of Williamson Act Subvention funds by establishing new contracts. These contracts would reduce a landowner's property tax benefits, reduce the term of the Williamson Act Contract and allow increased revenues to be transferred directly into the County's General Fund. The resulting revenue stream for Stanislaus County was estimated to be approximately $1.4 million in Budget Year 2011-2012. In addition, SB 863 allocated $10 million to be paid to counties as partial subvention funding in the current Fiscal Year 2010-2011. Stanislaus County's estimated portion would be $393,000, helping to relieve the current and future budget deficits. On November 9, 2010, the County Board of Supervisor's conducted a public hearing and approved the implementation of SB863 o establish new contracts.

Since October, the gubernatorial election occurred bringing with it the promise of a balanced budget in the near future. Among the many strategies outlined in Governor Brown's proposed budget is the elimination of the $10 million appropriation that was included in SB 863 for Williamson Act subvention payments in Fiscal Year 2010-2011, and provides no on-going funding. Stanislaus County has implemented the provisions of SB 863 for the 2011-2012 Budget Year but the partial subvention for the current fiscal year has not been included in revenue expectations for Fiscal Year 2010-2011.

Vehicle License Fees

A temporary 0.5% increase to the Vehicle License Fee (VLF) became effective May 19, 2009, with an expiration date of June 30, 2011. This increase was allocated 0.35% to the State General Fund and 0.15% to Local Safety programs, a huge benefit to our Stanislaus County public safety programs. The District Attorney's Office, Probation Department and Sheriff's Department fund programs such as the Vertical Prosecution program, Juvenile Justice Crime Prevention Act (JJCPA) program, the Citizen's Option for Public Safety (COPS), Juvenile Justice Crime Prevention program, the California Multi-jurisdictional Enforcement Taskforce (Cal-MMET) and the Rural Crimes Task Force. These services are crucial to the safety of the citizens of the community and the effects of non-renewal of the fee increase will have serious and far reaching consequences as prevention, prosecution and on-going monitoring of criminal behavior will be severely impacted. In order for the increase to the VLF to continue, a state ballot measure must be approved for a special June election, followed by voter approval. At stake is nearly $4.5 million in revenue to the local safety programs.

Health Insurance

Medical insurance rates continue to increase well above overall inflation in our local and national economy. County medical insurance rates increased 8% for Kaiser and 16.5% for Blue Cross in 2011. The County has worked with all labor groups to develop a new health insurance agreement to address the continued cost increases in 2011. The new one-year agreement will increase each employee's premium cost share for medical, dental and vision insurance. The agreement also provides financial incentives for employees to enroll in Health Savings Account plan options, providing greater control over healthcare expenses and opportunities to generate personal savings for future healthcare needs. Based on employee plan selections during open enrollment, the County is projecting an overall reduction in health insurance costs from $49.1 to $47.3 million in calendar year 2011. The projected $1.8 million in County savings will assist departments in addressing current budget needs and in preparing for Budget Year 2011-2012.

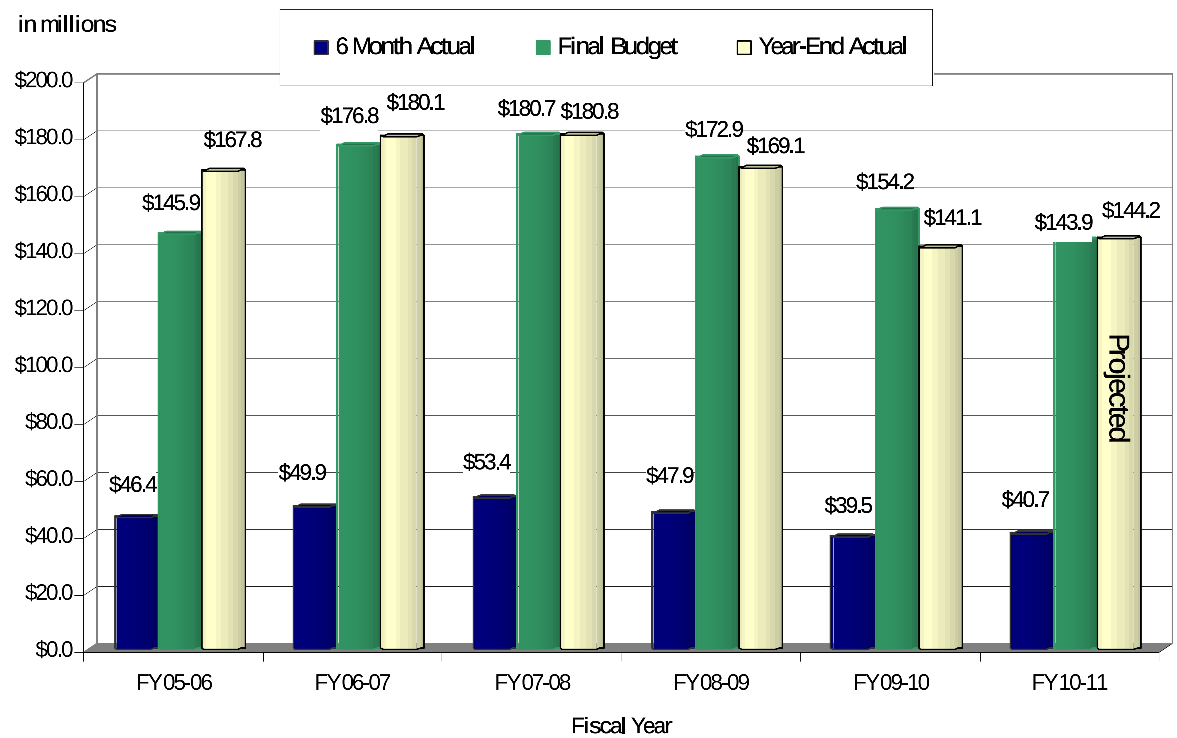
GENERAL FUND UPDATE

Discretionary Revenue

As of December 31, 2010, $40.7 million was posted to the General Fund discretionary revenue accounts. This amount represents 28.3% of the 2010-2011 Final Budget amount of $143.9 million. Typically, discretionary revenue collected at this point of the fiscal year ranges from 25.6% to 31.8% of the Final Budget and from 27.7% to 29.5% of the total year actual collections when looking at the prior five years. This comparison indicates that discretionary revenue is within the typical range when assessing the year-end position.

The following chart reflects a comparison of General Fund-Discretionary Revenue for a six-year period, including the current fiscal year:

General Fund—Discretionary Revenue Six Year Comparison



Projected revenue for year-end is $144.2 million, marginally higher than the final budgeted amount, and no changes to the budget are requested at this time. The Final Budget reflected a decrease of $2.5 million from the Proposed Budget based on a reduction in property tax revenue estimates, interest earnings and Tobacco Endowment investment earnings. This decrease is deemed adequate at this time and further adjustments will be reviewed as part of the third quarter review.

Following is a summary of activity in the various discretionary revenue categories:

Taxes: Included in this category are property related taxes (secured and unsecured, supplemental, redevelopment pass through increment, property tax received in lieu of vehicle license fees, property transfer tax), the 1% sales and use taxes, in lieu of sales and use tax and transient occupancy tax.

This category was reduced by nearly $1.7 million at Final Budget due to decreases in the secured property tax roll and a corresponding reduction to the property tax received in lieu of vehicle license fees. The projections for year-end indicate that sales and use tax revenue will come in slightly higher than budgeted but the in lieu of sales and use tax revenue (also referred to as “Triple Flip”) will experience a severe set-back. In Fiscal Year 2004-2005 the State developed a financing structure for the State Economic Recovery Bonds. The State “flipped” one-fourth of the Bradley-Burns Sales and Use Tax from the counties and cities to the bond trustee for debt service payments. In order to compensate for the lost revenue to cities and counties, an equivalent amount of property taxes from the County Education Revenue Augmentation Fund (ERAF) were shifted to an “In-lieu of Sales and Use Tax” account. The third leg in this “Triple Flip” required that the State make up lost ERAF revenue to education from the State of California’s General Fund. Payments to the “In-lieu of Sales and Use Tax” account are made by the Auditor-Controller in January and May of each fiscal year with an annual “true-up” occurring in the following fiscal year. Based upon the State Department of Finance’s reconciliation of the 2009-2010 actual lost ERAF revenue, the County’s true-up payment includes a decrease of $642,189 (compared to a $439,840 decrease in last year’s true-up payment) resulting in an adjusted amount of $3,032,271 for this year. The 2010-2011 budget was established based on the 2009-2010 amount received of $3,762,405 but updated information from the State Department of Finance revealed that prior year’s estimates were too high and the overpayments will be recaptured by the State in Fiscal Year 2010-2011. The total decrease of in-lieu of sales and use tax revenue is $730,134.

Year-end projections for the Taxes category indicate that revenue will exceed last year’s actual revenue by $4.7 million but it is important to note that nearly $7.9 million was borrowed last fiscal year from this category by the State due to the approval to suspend Proposition 1A.

Licenses, Permits and Franchises: Revenue received in this category is the result of franchise agreements with PG&E, AT&T and Comcast and Charter cable companies. Fee revenue is received from AT&T and the cable companies quarterly but the bulk of the revenue comes from PG&E once a year, during the latter half of the County’s fiscal year. We are on target to meet our budget of $957,000 providing the revenue from PG&E remains consistent with last year.

Fines, Forfeitures and Penalties: The revenue in this category comes from penalties assessed and costs associated with delinquent property taxes. Typically, most of the revenue is posted in the second half of the fiscal year, and many times not until the year-end close. Last fiscal year, nearly $7.9 million was posted by year-end, driven primarily by the continuing collections from foreclosed properties. The budget for the current fiscal year was established prior to the final close and $6.4 million in penalty revenue was estimated, taking into account a decrease in foreclosure activity. During the first two quarters of this fiscal year, payments on delinquencies are relatively strong but are showing signs of returning to more normal activity and estimates for year-end are projected at $6.1 million. Even so, there is no recommendation to decrease this source as increases in other areas of discretionary will more than likely make up the difference.

Revenue from Use of Money: Interest earned on the County’s pooled cash and collection of rents and leases of County owned property are the sources of revenue in this category. The interest rate earned by funds on deposit in the County treasury is adjusted quarterly and ranged from a high of 2.1% to a low of 1.3% during the previous fiscal year. In comparison, the rate for Fiscal Year 2010-2011 thus far has ranged from 1.4% to 1.2%. Although the rates seem to be steadying at the lower end of last year’s range, interest postings through two quarters indicate a stronger showing, possibly indicating an increase to the average daily cash balance.

Intergovernmental Revenue: The main source of revenue in this category is from the one-half cent Sales and Use Tax for local public safety services, also known as Proposition 172. This revenue source supports only the District Attorney, Probation, and Sheriff General Fund budgets. Revenues collected by the State Board of Equalization are apportioned to each county based on proportionate shares of Statewide taxable sales. This apportionment rate (or pool rate) adjusts each year according to how local sales compare with the sales activity of all other California counties. Stanislaus County's adjusted rate of .012819 for the current fiscal year was issued in January and reflects an increase from the prior year's rate of .012664. This slight increase in the proportionate share of the Statewide revenue pool of sales tax dollars significantly impacts this revenue source. For every million dollars of the sales tax revenue pool, Stanislaus County's share is $155 more than under the prior rate. Although this appears insignificant, when calculated as part of a statewide pool of $2.2 billion (the total for last fiscal year) an increase of $341,000 would be realized. The 2010-2011 Final Budget for this revenue source was established at $28.8 million, approximately $100,000 higher than last year's actual revenue. Even with an increase in the pooled rate, our approach is still very cautious as revenue currently received is less than at this time last year. Our year-end projection is conservatively stated at $28.9 million.

Other sources of revenue in this category include State realignment dollars, Homeowner's property tax relief (HOPTR) revenue and small amounts of Federal Revenue. This is also the category for Williamson Act subvention revenue which is currently not expected to materialize.

Charges for Services: Included in this category are revenues resulting from the recovery of the costs associated with the administration of the supplemental property tax adjustments (SB 813). A budget of $295,000 was established at the time of the proposed budget which is in line with the $278,000 actual revenue received by the end of last fiscal year. Adjustments made to the Countywide Cost Applied Plan are also part of this revenue source. The adjustments are determined at the beginning of each year and are received in monthly increments; therefore the year-end actuals will match the budget established in September of 2010.

Miscellaneous Revenue: Minor deposits to Miscellaneous Revenue include unclaimed monies, unclaimed estates and cancelled (or stale-dated) warrants. This category represents less than a quarter of a percent of the overall discretionary budget. No significant changes from the budget are projected in this category.

Other Financing Sources: Interest earned on the Tobacco Endowment Fund is the only revenue expected in this category each year and is deposited before the Final Budget is presented. Therefore, the adjustment made at Final Budget for this revenue traditionally mirrors the actual revenue received. Other revenue income occasionally is received as an operating transfer in. This fiscal year an amount of revenue from prior year's SB 90 claims will be transferred in. These programs with claimable SB 90 costs were absorbed by the General Fund and the SB 90 revenue is now reimbursing those funds

The following chart reflects the Mid-Year Projections for Discretionary Revenue:

Discretionary Revenue Description	Fiscal Year 2009-2010 Actuals	Fiscal Year 2010-2011 Final Budget	Fiscal Year 2010-2011 Projections	Difference between Final Bgt & Projections
Taxes	$ 96,390,505	$ 101,593,000	$ 101,063,034	$ (529,966)
Licenses, Permits & Franchises	958,324	957,000	957,000	-
Fines, Forfeitures & Penalties	7,886,132	6,425,000	6,100,000	(325,000)
Revenue from Use of Money	1,936,927	2,542,000	2,809,220	267,220
Intergovernmental Revenue	30,323,017	30,371,000	30,474,148	103,148
Charges for Services	(122,136)	(454,000)	(454,000)	-
Miscellaneous Revenues	229,929	166,000	166,000	-
Other Financing Sources	2,881,190	2,308,000	3,051,111	743,111
Total	$ 140,483,888	$ 143,908,000	$ 144,166,513	$ 258,513

Recommended Budget Adjustment: No adjustments to the overall discretionary budget are recommended at mid-year. Although there are differences among the categories, the total year-end projections are within the established budget. As we near year-end and more of the revenue is posted we will make adjustments with the Third Quarter Report as necessary.

General Fund – Classification of Fund Balance

New classifications of fund balance have been implemented since the beginning of Fiscal Year 2010-2011 in accordance with the Government Accounting Standards Board (GASB) issuance of Statement No. 54. The five classifications of Nonspendable, Restricted, Committed, Assigned and Unassigned have replaced the Designations, Reserves and Undesignated/Unreserved categories. Of the five new classes, Nonspendable, Restricted and Committed are the most restrictive categories and are legally or contractually obligated portions of fund balance. The Unassigned fund balance is the least restrictive and is technically available for any purpose. The Chief Executive Office was granted authorization by the Board of Supervisors to assign portions of the Unassigned fund balance for specific purposes such as debt service, carryover appropriations, contingencies and budget balancing. Assignments made at the time of the Final Budget included increasing the Teeter Plan by $6,710,876, re-assigning $829,459 from Debt Service to Contingencies, decreasing Carryover Appropriations by $797,907, establishing $4,879,112 as the 75% Carryover Appropriations saved by General Fund departments in 2009-2010 and establishing an amount of $15,643,578 to assist with the balancing of the 2010-2011 Final Budget.

The Public Defender has requested to use a portion of the funds committed for costs associated with a change of venue capital murder trial. The Board of Supervisors authorized the commitment (formerly a designation) upon approval of the Fiscal Year 2009-2010 Final Budget. The Board's authorization is required to reduce this commitment and it is recommended that $112,633 be re-classified as Unassigned fund balance to be used toward the costs of the change of venue case.

Several of the Assigned fund balance accounts are used in the balancing of the 2010-2011 budget and it is estimated that re-assignment of funds will be authorized by the Chief Executive Office as year-end approaches. Estimated increases in revenue and projected decreases in expenditures will allow transfers from the Budget Balancing account to the carryover account. Following is a summary of projected year-end balances:

	2010-2011 Final Budget Fund Balance Classifications	Projected Fund Balance as of June 30, 2011	2010-2011 Changes in Fund Balance
Fund Balance - Nonspendable:			
Fund 100 - Fair value adjustment	807,992	807,992	-
Fund 105 - Fair value adjustment	13,578	13,578	-
Fund 107 - Fair value adjustment	11,997	11,997	-
Imprest Cash	91,845	91,845	-
Advances to other funds	500,000	500,000	-
Advances to other governments	311,239	311,239	-
Economic Development advances	3,454,115	3,454,115	-
Teeter receivable	22,233,301	22,233,301	-
Deposits with others	10,000	10,000	-
Prepaid items	220,925	220,925	-
Sub-total	$ 27,654,992	$ 27,654,992	$ -
Fund Balance - Restricted:			
Tax Loss Reserve	4,169,660	4,169,660	-
Sub-total	$ 4,169,660	$ 4,169,660	$ -
Fund Balance - Committed:			
Various Programs and Projects	6,138,282	6,025,649	(112,633)
Capital Acquisition	1,300,000	1,300,000	-
Sub-total	$ 7,438,282	$ 7,325,649	$ (112,633)
Fund Balance - Assigned:			
Contingencies	4,091,493	4,091,493	-
Tobacco Settlement and Securitization	1,876,351	1,876,351	-
Retirement Obligation	2,000,000	2,000,000	-
Teeter Plan	20,055,050	20,055,050	-
Carryover Appropriations (100)	1,949,064	-	(1,949,064)
Carryover Appropriations (105)	23,060	-	(23,060)
Carryover Appropriations (107)	171,800	-	(171,800)
75% Carryover Appropriations (100)	4,879,112	6,181,946	1,302,834
Encumbrances	1,261,520	-	(1,261,520)
Encumbrances-Econ Development	1,395,679	1,395,679	-
Debt Service	10,950,000	10,950,000	-
Budget Balancing	15,643,578	-	(15,643,578)
Sub-total	$ 64,296,707	$ 46,550,519	$ (17,746,188)
Fund Balance - Unassigned			
General Fund (100)	1,134,445	5,090,412	3,955,967
Economic Development Bank (105)	329,809	329,809	-
Community Development Bank (107)	1,392,558	1,392,558	-
Sub-total	$ 2,856,812	$ 6,812,779	$ 3,955,967
Total Fund Balance	$ 106,416,453	$ 92,513,599	$ (13,902,854)

CASH REVIEW

General Fund Overall Cash Position

As of mid-year, the General Fund cash balance is $32.7 million compared to $33.6 million for the same period last fiscal year. A combination of events has resulted in the decrease of $927,219 in cash when compared to the same period last fiscal year.

The beginning cash position for Fiscal Year 2010-2011 was lower by of $9.2 million from the beginning of last fiscal year. In reviewing revenues and expenditures at mid-year, revenues are pacing slightly ahead of last fiscal year, whereas, expenditures were pacing at the same rate as last fiscal year. The County also usually collects only 25-30% of discretionary revenue by December 31st, resulting in a sharp reduction in cash in the Treasury during the first half of the fiscal year.

	2009-2010	2010-2011	Difference
Beginning Balance	$65,708,564	$56,494,909	$9,213,655
Mid-Year	$33,587,076	$32,659,857	$ 927,219

In addition, in comparing mid-year to projected year-end close of June 30, 2011, the General Fund cash is at $32.7 million compared to a projected amount of $47.3 million.

Special Revenue Funds Overall Cash Position

As of mid-year, the Special Revenue Funds cash is at $73.8 million compared to $76.6 million for the same period last fiscal year. The primary reason for the $2.8 million decrease, when compared to the same period last fiscal year, is the decrease of $8.6 million in the Community Services Agency as a result of a lag in the timing of advances and a lag time associated with the State's reimbursement of claims filed for actual expenditures.

Several other funds had significant changes in their cash position when comparing mid-year this fiscal year to mid-year last fiscal year:

- The combined cash balance in Behavioral Health and Recovery Services has increased by $4.5 million as a result of the Department's receipt of three years of funding for the Innovations and Technological Needs projects;

- The cash balance for Children and Families First Commission decreased by $3.6 million as part of the Commission's reduction strategy to allow more programs to be operated in the County to promote the development and well being of children ages 0-5;

- The cash balance for the District Attorney's Office grants has a combined increase of approximately $1 million compared to mid-year the previous year as a result of the receipt of SB90 reimbursement funds for prior year activities and the unexpected/unbudgeted Enforce Consumer Protection Laws settlements. In addition, in response to the uncertainty of State funding, expenditures for Fiscal Year 2010-2011 have been halted within the Rural Crimes Task Force;

- The cash balance for the Department of Environmental Resources has a combined increase of $920,000 as a result of the Departments' change in the schedule of reimbursement for administrative costs. Historically, the Department processed reimbursements near year-end. In Fiscal Year 2010-2011 the Department modified this process to a quarterly schedule resulting in an increase in cash when compared to the same period one year ago;

- The cash balance for the Health Services Agency – Administration has increased by $2.1 million compared to the same period last year as a result of funds due to the Administration budget from other Health Services Agency budgets being processed in a more timely manner;

- The cash balance for the Health Services Agency - Indigent Health Care has decreased by $1.8 million compared to mid-year the previous year as a result of a decrease in realignment revenue, delayed reimbursement, and an increase in medical expenditures;

- The cash balance for the Probation Department's Youthful Offenders and JJCPA Programs has increased by $1.1 million compared to mid-year the previous year as a result of the Department's slower rate of expenditures; and

- The cash balance for the Public Works' Road & Bridge and Road Projects budgets have a combined increase of $2.1 million as a result of the timely receipt of Proposition 1B and Public Facility Fee funds for projects that are currently in process.

In addition, in comparing mid-year to projected year-end close of June 30, 2011, the Special Revenue Fund cash is at $73.8 million compared to a projected amount of $70 million. The primary reason for this projected $3.8 million decrease in cash is as a result of the use of fund balance within the Children's and Families First Commission and Clerk-Recorder Department which are projected to decrease $3.6 million by year-end. The projected $1.5 million use of fund balance within the Children's and Families First Commission is part of the Commission's reduction strategy to allow more programs to be operated in the County to promote the development and well being of children ages 0-5. The Clerk-Recorder's Fixed Asset Acquisition budget projects a $2.1 million use of fund balance as a result of the Department's anticipated implementation of several modernization projects.

Capital Projects Funds Overall Cash Position

As of mid-year, the Capital Projects Funds cash position is at $27.2 million compared to $29.7 million for the same period last fiscal year. The primary reason for the decrease of $2.5 million when compared to the same period last fiscal year is the decrease of $5.1 million in the Redevelopment Agency for construction efforts for the Keyes Storm Drain Project which should be completed by the end of the fiscal year, and an increase of $1.4 million in the Redevelopment Agency-Housing Set-Aside portion of the tax increment, as determined by the 2006-2007 financial audit findings.

- The cash balance for the Chief Executive Office-Criminal Justice Facilities Fund increased $800,000 as a result of increased penalty assessment revenue and interest earnings which were budgeted resulting in a positive contribution to fund balance.

In addition, in comparing mid-year to projected year-end close of June 30, 2011, the Capital Projects Funds cash is at $27.2 million compared to a projected amount of $26.5 million. The primary reason for this projected decline in cash is for construction efforts to complete the Keyes Storm Drain Project which is projected to decrease by $2.1 million by year-end.

Enterprise Funds Overall Cash Position

As of mid-year, the Enterprise Funds cash is at $8.0 million compared to $9.6 million at the same period last year. The primary reason for the $1.6 million reduction when compared to the same period last fiscal year is the decrease of $1.5 million in the Health Services Agency-Clinics and Ancillary Services budget resulting from the timing of receipt of State and Federal revenues.

Several other funds had significant changes in their cash position when comparing mid-year this fiscal year to mid-year last fiscal year:

- The cash balance for the Department of Environmental Resources - Fink Road Landfill budget has decreased by $2.3 million as the result of the majority of the planned Cell No. 5 construction occurring in Fiscal Year 2009-2010;

- The cash balance for the Department of Environmental Resources - Geer Road Landfill budget has increased by $1.8 million as the result of the delay in the anticipated capital project planned for Fiscal Year 2010-2011;

- The cash balance for the Sheriff'-Inmate Welfare/Commissary has decreased by approximately $400,000 as the result of the planned use of fund balance to support inmate programs and Commissary operations; and

- The cash balance for the Public Works Department - Local Transit System budget has increased by approximately $800,000 as the result of timing of the receipt of transportation funding.

In addition, in comparing mid-year to projected year-end close of June 30, 2011, the Enterprise Funds cash is at $8.0 million compared to a projected amount of $3.6 million. The primary reason for this projected decline in cash of $4.4 million is in the Fink Road Landfill, as the result of the planned use of fund balance for construction purposes during Fiscal Year 2010-2011.

Internal Service Funds Overall Cash Position

As of mid-year, the Internal Service Funds cash is at $33.2 million compared to $36.6 million for the same period last fiscal year. The primary reason for the $3.4 million decrease in cash, when compared to the same period last fiscal year, is the decrease of approximately $3.6 million in the Risk Management – Workers' Compensation Self-Insurance Fund, as a result of the increased use of retained earnings in the last two fiscal years to offset costs in this program.

A few other funds had significant changes in their cash position when comparing mid-year this fiscal year to mid-year last fiscal year:

- The cash balance for Public Works - Morgan Shop has increased by $508,291 as a result of obtaining Congestion Mitigation and Air Quality grants to fund 100% for the future replacement of vehicles this year;

- The cash balance for Risk Management – Professional Liability has decreased by $235,447. This variance is due to the cash transfer to the Health Services Agency and Behavioral Health and Recovery Services to offset charges in the current year;

- The cash balance for Risk Management – Purchased Insurance has decreased by $135,762. This variance is due to the increase in staffing and contract costs, coupled with a decrease in administrative fee revenue; and

- The cash balance for Risk Management – Unemployment Insurance decreased by $225,678. This variance is due to the usage of approximately $900,000 in retained earnings in Fiscal Year 2009-2010, which is practically offset by additional revenue received in the current year.

In addition, in comparing mid-year to projected year-end close of June 30, 2011, the Internal Service Funds cash is at $33.2 million compared to a projected amount of $31.1 million. The primary reason for this projected decline in cash of $2.1 million is in the Risk Management - Workers' Compensation Self-Insurance Fund, as a result of the use of $1.9 million in retained earnings for the remainder of Fiscal Year 2010-2011 to offset costs in this program.

A few other funds had significant changes in their cash position when comparing mid-year this fiscal year to the projected year-end close of June 30, 2011:

- The cash balance for Risk Management – General Liability is projected to end with an increase of approximately $700,000 from mid-year. The projection is due to departmental revenue that will continue to be collected through the end of the year and insurance reimbursement revenue;

- The cash balance for Risk Management – Professional Liability is projected to end with an increase of approximately $400,000 from mid-year. The projection is due to departmental revenue that will continue to be collected through the end of the year; and

- The cash balance for Strategic Business Technology is projected to end the year with an approximate decrease of $900,000 from mid-year. The projection is based on the use of a portion of the cash balance to reduce the Strategic Business Technology Cost Allocation Plan (CAP) charges to other departments and for data center improvements and data storage upgrades.

BUDGET STRATEGY FOR BUDGET YEAR 2011-2012 AND BEYOND

2011-2012 General Fund Budget Strategy

Stanislaus County developed a 30-month strategy beginning Mid-Year 2009-2010 to provide for the organization to restructure, given the significant reductions in revenue available to the County. It is clear that the challenges to the County will continue well beyond the initial 30-month period, as indicated by the current projected General Fund shortfall of $16.9 million for Budget Year 2011-2012.

For the past several months, the Chief Executive Office Senior Leadership Team has been focused on identifying strategies and solutions that will allow the County to maintain a balanced budget while preserving the programs most critical to the community. This includes the development of strategic budget targets for Budget Year 2011-2012. The General Fund Targeted Reduction Strategy is based on core assumptions that include:

- Discretionary revenue projected to remain flat from the low level in Fiscal Year 2010-2011;
- Retirement costs projected to increase by $14.6 million in the General Fund;
- Workers' Compensation costs projected increase of $1.9 million in the General Fund;
- Health insurance costs projected to remain flat for January 2012;
- Final use of $8 million in committed fund balance for a total of $24 million in one-time funding; and
- Critical reliance on $6.3 million for the General Fund (over $12 million for all funds) in retirement cost increase mitigation from the Stanislaus County Employees Retirement Association (StanCERA) to provide the County the ability to address the two years of remaining Pension Obligation Bond (POB) debt payments for the General Fund or by using Teeter Plan assigned fund balance until savings are realized in Budget Year 2014-2015 from the POB pay-off.

The following table illustrates the projected deficits for the General Fund through Budget Year 2014-2015. The major difference between the two scenarios demonstrates the benefit the County receives in its fiscal recovery due to StanCERA's partial mitigation of retirement costs in Budget Year 2011-2012.

Proposed Use of One-Time Funding

Summary with StanCERA Contribution

	11/12	12/13	13/14	14/15
General Fund "Issued Base"	$ 172,502,661	$ 160,373,000	$ 153,303,000	$ 153,303,000
Discr Rev	$ (144,103,000)	$ (144,103,000)	$ (144,103,000)	$ (144,103,000)
One-time	$ (8,000,000)	$ -	$ -	$ -
Fund Balance	$ -	$ -	$ -	$ -
Retirement Assignment	$ -	$ -	$ -	$ (2,000,000)
POB Savings in 14/15				$ (6,200,000)
StanCERA Contribution	$ (6,270,000)	$ -	$ -	$ -
Teeter Assignment	$ -	$ (9,200,000)	$ (9,200,000)	$ -
Total Resources	$ (158,373,000)	$ (153,303,000)	$ (153,303,000)	$ (152,303,000)
Addnl Reductions Needed	$ (14,129,661)	$ (7,070,000)	$ -	$ (1,000,000)
Reductions	$ (14,129,661)	$ (7,070,000)	$ -	$ (1,000,000)
Annual Impact	$ (14,129,661)	$ (21,199,661)	$ (21,199,661)	$ (22,199,661)

Summary without StanCERA Contribution

	11/12	12/13	13/14	14/15
General Fund "Issued Base"	$ 172,502,661	$ 160,373,000	$ 152,303,000	$ 150,303,000
Discr Rev	$ (144,103,000)	$ (144,103,000)	$ (144,103,000)	$ (144,103,000)
One-time	$ (8,000,000)	$ -	$ -	$ -
Fund Balance	$ -	$ -	$ -	$ -
Retirement Assignment	$ -	$ (2,000,000)	$ -	$ -
POB Savings in 14/15				$ (6,200,000)
NO StanCERA Contribution	$ -	$ -	$ -	$ -
Teeter Assignment	$ (6,270,000)	$ (6,200,000)	$ (5,930,000)	$ -
Total Resources	$ (158,373,000)	$ (152,303,000)	$ (150,033,000)	$ (150,303,000)
Addnl Reductions Needed	$ (14,129,661)	$ (8,070,000)	$ (2,270,000)	$ -
Reductions	$ (14,129,661)	$ (8,070,000)	$ (2,000,000)	
Annual Impact	$ (14,129,661)	$ (22,199,661)	$ (24,199,661)	$ (24,199,661)

$34.6 million one-time funding to offset program reductions

Department Heads were provided with preliminary reduction targets during the October 2010 Department Head meeting in order to provide as much time as possible for the development of department-specific solutions and strategies to eliminate the current structural shortfall. Several strategies/tools from Fiscal Year 2009-2010 and 2010-2011 will continue in the future, including the continuation of the 5% across-the-board pay deduction through Budget Year 2011-2012, the no back-fill policy for State Budget reductions, and the ability for General Fund departments to carry over 75% of their net county cost savings at June 30, 2011.

A Safe Community

COUNTY DEPARTMENTS

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: 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 December 31, 2010, actual revenue collected is $18.4 million, which represents 42.9% of the estimated annual revenue. This is below the range when compared to the mid-year point of the prior two years when collections were at 46.1% and 44.5% of the final actual revenue. As of December 31, 2010, expenditures are $68.1 million, representing 45.7% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were at 48.2% and 48.3% 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:

- Animal Services – A decrease of approximately $774,000 in revenue and $1.6 million in expenditures due to the formation of the Animal Services Joint Powers Agency between the County and the Cities of Modesto, Ceres, Patterson, Hughson and Waterford;

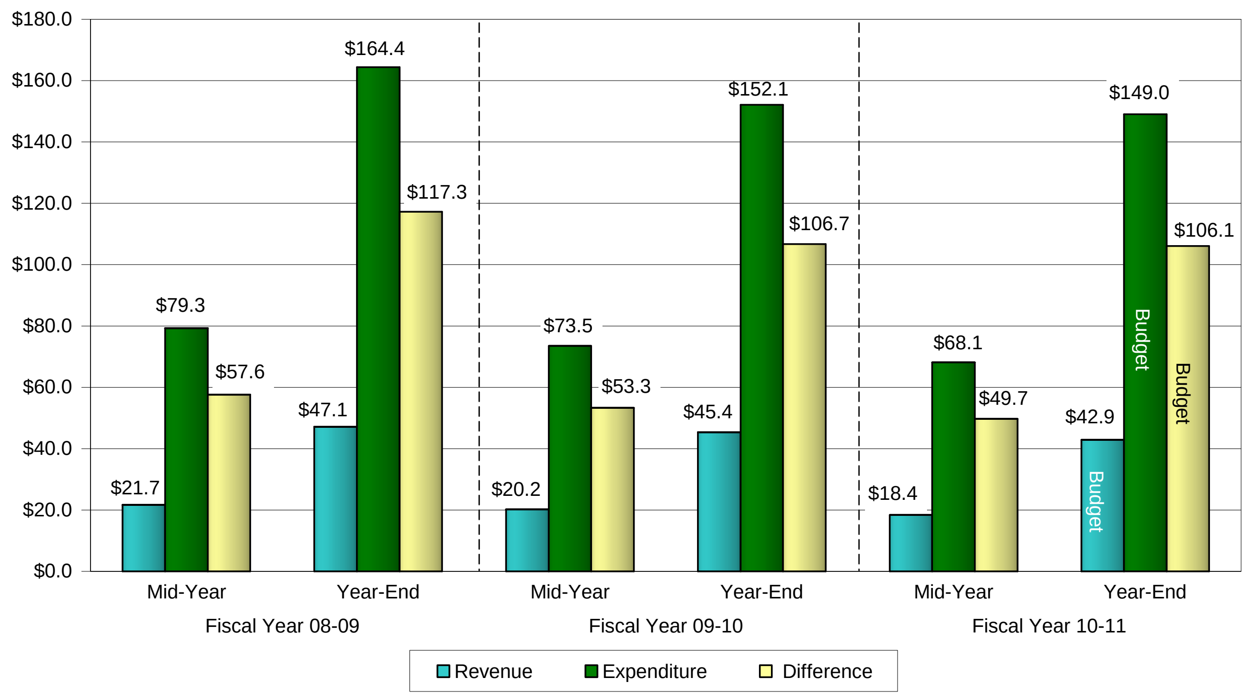
- Chief Executive Office-Criminal Justice Facilities Fund – A decrease in expenditures of $294,000 due to the timing of the debt payment for the 12th Street Office and Parking Garage;

- Probation – A decrease in revenue of approximately $562,000 in the Field Services and Institutions budgets combined as a result of a delay in revenue received from the State;

- Sheriff – An overall decrease of approximately $914,000 in revenue and $3.5 million in expenditures. Revenue decreases are primarily due to suspended Police Officer Standards Training (POST) Academy operations and a decrease in Court Security and Cal-MMET due to the timing of revenue receipts. Expenditure decreases consisted of a $762,000 decrease in Ray Simon Training Center due to the suspension of POST Academy operations, reductions in Administration of $199,000, $1,448,000 in Operations, $748,000 in Detention and $202,000 in Inmate Welfare Jail Commissary due to reductions-in-force (RIF) of personnel in September 2009, June 2010 and January 2011. In addition to RIF's, Detention and Jail Commissary have also realized expenditure savings by closing beds, and lower inmate counts. Finally a $261,000 decrease in expenditures in Cal-MMET is due to reductions in Vehicle License Fee allocation and reduced appropriations for 2010-2011.

The following chart provides a comparison of revenue, expenditures and the difference between the two, which is funded through a General Fund contribution and the use of fund balance/retained earnings. This comparison shows mid-year 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 2010-2011 is $42.9 million with departmental expenditures budgeted at $149 million and the difference of $106.1 million funded through a General Fund contribution and the use of fund balance/retained earnings. Departmental revenue is down by $1.8 million and expenditures are down by $5.4 million from Mid-Year 2009-2010.

MID-YEAR ISSUES AND RECOMMENDATIONS

CEO—OFFICE OF EMERGENCY SERVICES/FIRE WARDEN

Office of Emergency Services: The CEO Office of Emergency Services/Fire Warden (OES) budget includes the Emergency Management Performance Grant (EMPG) which requires a dollar-for-dollar match. Salaries and operational expenses included in the OES budget are used as the match for this grant. The Fiscal Year 2009 (FY09) EMPG grant in the amount of $141,756 was incorporated into the OES Fiscal Year 2009-2010 budget. On January 18, 2011 the California Emergency Management Agency (Cal EMA) identified an additional $61,325 that was available to Operational Areas (counties) in the Cal EMA Inland Region from the FY09 EMPG. Stanislaus County was approved to receive $19,120. The funding was matched between April 1, 2010 and June 30, 2010 in support of National Incident Management System (NIMS) compliance activities and maintaining the Stanislaus County Emergency Operations Center. The Department is requesting to increase appropriations and estimated revenue by $19,120 in support of NIMS compliance activities.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
OES	$19,120	$19,120	$0	Increase in Emergency Management Performance Grant funding for NIMS compliance activities.
Total	$19,120	$19,120	$0	

County Fire Service Fund:

Staffing Request: The Department is requesting to unfund a vacant Staff Services Technician position. Funding for this position is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy.

CEO-COUNTY FIRE SERVICE FUND STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
County Fire Service Fund	-1	1717	Staff Services Technician	Unfund vacancy	Unfund vacant position
CEO-County Fire Changes	-1				
Beginning Allocation	5				
Changes in Allocation	-1				
Ending Allocation	4				

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $19,120 in Federal funds for NIMS compliance activities. It is further recommended the staffing change described and outlined in the table above be adopted.

DISTRICT ATTORNEY

Criminal Division: It is anticipated that the General Fund operating budget of the District Attorney's Office will end the year within budgeted appropriations and no adjustments are requested at this time. However, it is important to address critical issues that will present a challenge in future budget years. Significant salary savings have been realized in the current fiscal year through unanticipated position vacancies, but a decrease in revenue offsets the positive effect that cost savings generate. Most significant and troubling is the instability of the Vehicle License Fee (VLF) funding passed through to counties from the California Emergency Management Agency (Cal EMA). While the VLF has continued to be collected by the State throughout this fiscal year, Cal EMA is using these collections to fund previous years' commitments which were based on overly optimistic VLF projections. It is not known how much, if any, revenue will be realized this year from Cal EMA. The costs for programs that rely on VLF revenue are currently being absorbed by the General Fund budget. Vital programs, such as Vertical Prosecution which encompasses Major Narcotics Vendor and Career Criminal prosecutions as well as Child Abuse investigation, are gravely impacted. These cases have become a core service of the District Attorney's Office which cannot be discontinued even if a dedicated revenue source disappears. In fact, these programs have been in place since the mid-1990s but have only been funded with the VLF source since the temporary increase to vehicle license fees was instituted a few years ago. At stake is approximately $400,000 as the revenue from this source will be left up to the voters if a June ballot measure is approved.

Auto Insurance Fraud: A supplemental grant application approved by the Department of Insurance (DOI) has resulted in an additional award amount for the District Attorney's Auto Insurance Fraud program. The notification and agreement were received at the end of December 2010 and the additional funds will be used to fund personnel and operational costs in the prosecution of those who knowingly commit automobile insurance fraud. The Department is requesting an increase of $62,042 in appropriations and estimated revenue to reflect the additional award amount.

Real Estate Fraud: The Real Estate Fraud budget is funded from a fee levied by the County on real estate transactions and from a contribution of General Fund county match dollars. An increase in the fee structure in Fiscal Year 2009-2010 and an increase in real estate activity has improved the revenue picture in this budget. The District Attorney is requesting an increase of $15,000 in appropriations and estimated revenue to cover overtime costs that have resulted because of increased activity. It is also anticipated that some portion of the county match funds may be returned to the General Fund at year-end.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
DA-Auto Insurance Fraud	$62,042	$62,042	$0	Increase appropriations and estimated revenue to reflect supplemental grant application increase approved by the Department of Insurance
DA-Real Estate Fraud	$15,000	$15,000	$0	Increase appropriations and estimated revenue to reflect increased fees to fund overtime costs
Total	$77,042	$77,042	$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $77,042 to reflect an increase to the grant awarded to the Auto Insurance Fraud program and to reflect increased fee collection in the Real Estate Fraud budget.

GRAND JURY

As reported as part of the 2010-2011 Proposed Budget, the 9% budget reduction eliminated costs for the criminal grand jury and reducing funding for Civil Grand Jury fees. These are the statutory fees paid to the grand jurors for meeting attendance. With those reductions, they projected that funds for jury fees would be exhausted by 2010-2011 mid-year.

Third quarter fees (January-March), will be funded by transferring funds from Salaries & Employee Benefits where additional funds are available due to the carryover from Fiscal Year 2009-2010. However, they will not be able to cover jury fees through for the last quarter of this fiscal year ending June 30, 2011. Grand Jurors do have the option of waiving these fees and this shortfall has been discussed with the Civil Grand Jury foreperson along with the possibility of waiving the fees for the remainder of the fiscal year. The foreperson met with the 19-member panel to discuss the possibility of waiving fourth quarter fees. The panel declined to waive the fees. Therefore, they are requesting an increase in appropriations of $3,973.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Appropriatons for Contingencies	
Grand Jury	$3,973	$0	$3,973	Increase appropriations to fund civil grand jury fees for the fourth quarter of Fiscal Year 2010-2011. Funded by a transfer from Appropriations for Contingencies.
Total	$3,973	$0	$3,973	

Summary of Recommendations: It is recommended to increase appropriations by $3,973 in the Grand Jury budget. This increase will be funded through a transfer from Appropriations for Contingencies.

PROBATION

The Chief Probation Officer has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process future Department requests to transfer appropriations among the three budget units of Administration, Field Services and Institutional Services in order to ensure these budgets end the year in a positive position.

On January 26, 2010 the Probation Department received approval from the Board of Supervisors to apply for and accept an Alcohol and Other Drugs Grant from the State Office of Traffic Safety. The Department received grant funding of $30,000 which will pay for enhanced supervision services to probationers at highest risk of repeating drunk driving offenses. The Probation Department is requesting that the Field Services budget be increased in both appropriations and estimated revenue by $30,000.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Probation - Field Services	$30,000	$30,000	$0	Increase appropriations and estimated revenue due to State Office of Traffic Safety grant funding
Total	$30,000	$30,000	$0	

Staffing Request: The Department is requesting to unfund one vacant Accounting Technician position. Funding for this position is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy.

PROBATION DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	-1	11052	Accounting Technician	Unfund vacancy	Unfund vacant position
Probation Changes	-1				
Beginning Allocation	230				
Changes in Allocation	-1				
Ending Allocation	229				

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $30,000 in the Probation - Field Services budget due to grant funding received from the State Office of Traffic Safety. It is recommended that the Auditor-Controller and the Chief Executive Officer be given the authority to process future Department requests to transfer appropriations among the three budget units of Administration, Field Services and Institutional Services in order to ensure these budgets end the year in a positive position. It is further recommended the staffing change described and outlined in the table above be adopted.

PUBLIC DEFENDER

The Public Defender appeared before the Board of Supervisors on November 2, 2010 during the presentation of the First Quarter Financial Report. At that time the Board approved a reduction of $34,337 in both appropriations and estimated revenue to the Public Defender's budget, as well as the transfer of $50,000 from the Public Defender-Indigent Defense fund to the Public Defender's budget to cover costs for investigator services. At that time the Board of Supervisors requested the Public Defender come back at mid-year to share budget projections and recommendation's for solutions.

Slightly more than 51% of the Stanislaus County Public Defender Budget has been spent or encumbered as of December 31, 2010. In the Department's First Quarter Budget Report the Public Defender projected a year-end deficit of approximately $140,000. Since then the Department has worked with the Integrated County Justice Information System (ICJIS) Commission to use a portion of the ICJIS fund balance to offset $30,000 in charges that the office would have paid in the 2010-2011 Fiscal Year. The Department has also instituted a variety of cost cutting measures, including reducing the amount spent on training, not replacing office equipment, and not renewing service agreements on copying and printing equipment. Taking into consideration these cost reductions the Department now projects that without additional changes in staffing levels the deficit at year-end will be approximately $50,000. The transfer of an additional $50,000 to the

Public Defender's budget from the Indigent Defense Fund would correct the projected shortfall for the current fiscal year and insure that the Department can continue to provide representation in every case the court directs.

The deficit identified above is largely attributable to the salary costs of the office being higher than budgeted. The increased salary cost that the Department faces is caused by annual step increases and promotions.

The work done by the Public Defender's Office are mandated by the both the Federal and State constitutions and the law requires the County pay the cost of the services provided.

The fund that Stanislaus County has designated for the payment of costs associated with the cases that the Public Defender cannot accept is called the Indigent Defense Fund (IDF). Over the last several years as the budget of the Stanislaus Public Defender's Office has been reduced this fund has increased. In part this was because of several high profile murder and gang cases which represented unusually high costs. Most if not all of those cases have now concluded and the rate of expenditure from this fund over the first half of the fiscal year is lower than it has been in several years. Approximately $200,000 of the costs the fund incurred during the first half of the fiscal year were associated with one capital murder case that has now settled. Since the case has settled, the rate of expenditure from the fund has dropped and should remain down for the next several months. The Department projects that the IDF will end the 2010-2011 Fiscal Year with a savings of at least $150,000.

The California Legislature has authorized the increase of registration fees that defendants are assessed when they are represented by the Public Defender or other appointed counsel. That fee has been $25 since its adoption in 2006. The legislature has now amended the enabling legislation and the fee has risen to $50. This increase will result in greater revenue. The actual amount of increased revenue should be apparent in the next few months as the increased fees are collected by the Treasurer-Tax Collector – Revenue Recovery Department.

The Public Defender requests the transfer of $50,000 from the IDF to the Public Defender's budget. This transfer should allow the Department to end this fiscal year with a balanced budget. In the event the Indigent Defense fund costs are projected to exceed appropriation prior to year-end any shortfall will be added to the Public Defenders 2011-2012 target reductions, up to the total recommended transfer of $100,000, which includes the already approved transfer of $50,000 in first quarter.

The Public Defender has also received a tentative general fund contribution for Budget Year 2011-2012. Under that budget the Department would need to reduce expenditures by approximately $500,000 next budget year. Compounding the problem of the proposed $500,000 reduction is the structural deficit that was solved this fiscal year by a transfer of funds from the IDF and the deferral of ICJIS costs will not be available next year.

The recommended adjustments for the Public Defender is projected to only resolve the Departments current years budget deficit.

<u>Indigent Defense:</u> At mid-year a little more than half the Indigent Defense Fund (IDF) has been spent. For the first time in more than five years that the IDF is projected to end the 2010-2011 Fiscal Year with a savings in appropriations.

During the first half of the year the Public Defender Indigent Fund expended approximately $200,000 in costs associated with the Columbus Allen, Jr. II high profile capital murder case. In October of 2009 a change of venue motion was granted in the case and the matter was transferred to Sacramento County for trial. The Stanislaus County Board of Supervisors set aside funds during the 2009-2010 Final Budget to pay potential exposures associated with a change in venue for a capital murder trial. On August 2, 2010, Columbus Allen entered a plea of guilty. Appointed Counsel reviewed the attorney and expert fee claims in this matter at the request of the Public Defender. The amount of money spent on attorney and expert witnesses directly connected to the change of venue motion totaled $112,633. It is recommended that appropriations be increased in this budget by $112,633, as needed, to offset these costs funded by the monies set aside by the Board of Supervisors for this purpose.

In analyzing the Public Defender–Indigent Defense budget, the Chief Executive Office believes that this budget will end the year with savings in expenditures to fund the transfer of $50,000 in appropriations to the Public Defender budget. This recommendation along with the approved recommendation from First Quarter will total $1000,000 being transferred to Public Defender to meet the Departments budget shortfall.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Public Defender	$50,000	$0	$50,000	Increase appropriations to fund anticipated shortfall at year-end
Public Defender - Indigent Defense	($50,000)	$0	($50,000)	Transfer of appropriations to Public Defender's budget
Public Defender - Indigent Defense	$112,633	$0	$112,633	Increase up to $112,633 in appropriations as needed at year end, funded from Fund Balance
Total	$112,633	$0	$112,633	

Summary of Recommendations: It is recommended to transfer $50,000 in appropriations from the Public Defender – Indigent Defense budget to the Public Defender's budget to meet the funding shortfall in Fiscal Year 2010-2011. It is also recommended that up to $112,633 in appropriations be increased as needed at year-end in the Public Defender-Indigent Defense fund to ensure the budget remains in a positive position. Funding for this increased appropriation will come from funds set aside in Fiscal Year 2009-2010 Final Budget from fund balance – committed for potential exposures associated with a change in venue for a capital murder trial. In the event year-end projections for the Public Defender – Indigent Defense exceed appropriations for the remainder of the 2010-2011 Fiscal Year any shortfall of up to $100,000 will be carried forward as part of the Public Defenders 2011-2012 reductions.

SHERIFF DEPARTMENT

The Sheriff has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process future Department requests to transfer appropriations among the four budget units of Administration, Detention, Operations and Contract Cities in order to ensure these budgets end the year in a positive position. It is recommended that appropriations transfers among the budgets of Administration, Detention and Operations be granted. Since the Contract Cities budget is based on contracted reimbursement of costs incurred by the cities of Hughson, Patterson, Riverbank and Waterford it is recommended that transfers of appropriations be granted only from the city budgets to the budgets of Administration, Detention and Operations. This would allow unused net county cost in the Contract Cities budget to be used where needed but would also guard against increases to the spending authority of the cities without specific approval.

Contract Cities: The Sheriff's Department is requesting an increase of $123,236 in both appropriations and estimated revenue that will benefit three specific areas. 1) $30,000 in additional grant revenue is expected from the Office of Traffic Safety Selective Traffic Enforcement Program for the City of Riverbank. The grant is intended to reduce the number of crashes involving alcohol, speed, running red lights and other collision factors. Enforcement operations will be conducted during overtime hours so the appropriations increase is requested in overtime wages. The total grant awarded is $50,000 but only $20,000 was included in the Adopted Final Budget. This request reflects the remainder of the award. 2) In October the City of Waterford was awarded $1,528 from the Office of Traffic Safety for the Click It or Ticket Mini-Grant Program. This grant is for seat belt enforcement operations which will also be conducted during overtime hours, necessitating an increase to overtime wage appropriations. 3) Revenue of $100,000 has been allocated to the City of Hughson from the Supplemental Law Enforcement Services Fund (SLESF) for the 2010-2011 Fiscal Year. The City uses this revenue to fund extra patrol during proactive patrol operations, special events, festivals and traffic enforcement details as well as to continue an ongoing record maintenance and purging project. The Adopted Final Budget only included $8,292 in estimated revenue and appropriations; the remaining $91,708 in salary and benefit appropriations is requested to fully reflect the funding amount. It is recommended that the total increase of $123,236 in appropriations and estimated revenue be approved for the programs in Riverbank, Waterford and Hughson.

Operations: The Department is requesting a transfer of $66,000 in appropriations from the Services and Supplies category to Fixed Assets to purchase a new engine for the Cessna 206 fixed wing airplane. The purchase will be funded by High Intensity Drug Trafficking Areas (HIDTA) revenue as the aircraft is used in flight missions to assist in major drug operations. The HIDTA funds can be used for services, supplies, equipment and overtime costs directly related to high level narcotics investigation and suppression. The funds cannot be used for general personnel costs. Board of Supervisors authority is required for fixed asset transfers greater than $10,000; it is recommended that the authority for this transfer be granted.

Vehicle Theft: The Sheriff is requesting an increase in appropriations and estimated revenue of $13,000 for the purchase of 1,300 vehicle theft deterrent devices for a Stanislaus County Auto Theft Taskforce (StanCATT) club giveaway event. In total, the Department will purchase 2,000 devices; the cost of 700 of these devices can be absorbed into existing budgeted appropriations. The purchase of the remaining 1,300 devices is being funded by increased revenue of $3,000 from the National Insurance Crime Bureau and $10,000 from the Modesto Police Department. It is recommended that this request be approved.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Sheriff Contract Cities	$123,236	$123,236	$0	Increase appropriations for overtime and FICA to reflect funding increases. Increase DUI Grant Revenue for the Riverbank DUI grant allocation, the Waterford Click It or Ticket Grant, and to reflect the full $100,000 of the Hughson SLESF funding
Sheriff Operations	($66,000)	$0	($66,000)	Transfer from Services and Supplies to Fixed Assets for engine replacement on fixed wing aircraft
Sheriff Operations	$66,000	$0	$66,000	Transfer to Fixed Assets from Services and Supplies for engine replacement on fixed wing aircraft
Sheriff Vehicle Theft	$13,000	$13,000	$0	Increase appropriations for Services and Supplies to account for the purchase of vehicle theft deterrent devices. Increase Miscellaneous Revenue to account for reimbursements from the National Insurance Crime Bureau and Modesto Police Department to offset the vehicle theft device purchase.
Total	$136,236	$136,236	$0	

Staffing Requests: The Department is requesting to delete one vacant Undersheriff position as part of the department's budget balancing strategy. The Department is also requesting to double-fill the Supervising Public Administrator position for a maximum of eight weeks. The current Supervising Public Administrator is retiring on May 6, 2011 after holding the position for ten years. The Department has conducted a recruitment to fill the position, and is requesting to double-fill the position to allow for on-the-job training between the incumbent and her replacement. This action will allow for a smooth transition and provide continuity of service for this mandated position. The Department has sufficient existing appropriations to fund the double fill.

SHERIFF DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	-1	8330	Undersheriff	Delete position	Delete vacant position
Sheriff Changes	-1				
Beginning Allocation	510				
Changes in Allocation	-1				
Ending Allocation	509				

SHERIFF DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations	1	2279	Supv Public Administrator	Double fill position	Double fill up to 8 weeks

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $136,236 in the Sheriff's departmental budget. $123,236 in the Contract Cities budget for the cities of

Riverbank, Waterford and Hughson will be fully funded by Office of Traffic Safety grant revenue and by SLESF revenue. $13,000 in the Vehicle Theft budget is funded with revenue from the National Insurance Crime Bureau and from the Modesto Police Department. Additionally, it is recommended to transfer $66,000 into fixed asset appropriations in the Operations budget. Finally, it is recommended to authorize appropriations transfers among the Administration, Detention and Operations budgets and to authorize transfers out of the Contract Cities budget to ensure each budget is balanced by year-end. It is further recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, for A Safe Community appropriations are recommended to increase by $379,004 and estimated revenue is expected to increase $262,398 funded by $112,633 of fund balance and a transfer of $3,973 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 December 31, 2010, actual revenue is $155.4 million, which represents 34.8% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior two years when collections were 34.8% and 36.1% of the final actual revenue. As of December 31, 2010, expenditures are $193.2 million, representing 42.6% of the budgeted appropriations. Expenditures at the mid-year point of the two prior years were 40.4% and 42.4% of the final annual expenditures, placing this year's expenditures above the range.

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

- Area Agency on Aging – An increase expenditures and revenue of $300,000 primarily as a result of the transfer of the Multipurpose Senior Services Program (MSSP) from the Community Services Agency effective July 2010;

- Behavioral Health and Recovery Services – A decrease in revenue of $8.4 million primarily as a result of increased Mental Health Services Act funding for Prevention and Early Intervention in 2009-2010, and a decrease in expenditures of $1.4 million as a result of the reduction in audit liability accounts and a delay in contract payments;

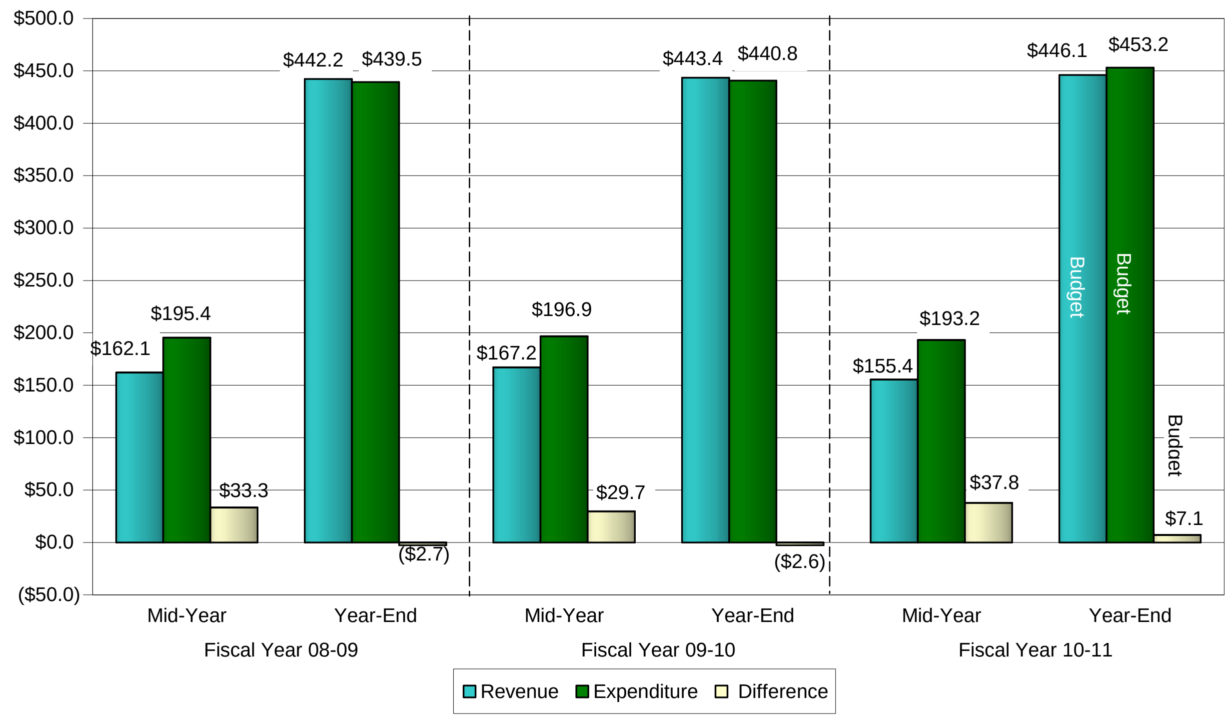
- Children and Families Commission – A decrease in revenue of $1.6 million primarily as a result of a decrease in taxes collected due to the downturn in the economy and a federal tax imposed on tobacco products last year;

- Community Services Agency – A decrease in revenue of $2.1 million primarily as a result of a reduction in State and Federal Child Care funding; and

- Health Services Agency – A decrease in expenditures of $1.4 million primarily as a result of increased costs in Fiscal Year 2009-2010 associated with the planned implementation of the new Electronic Medical Records system.

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 mid-year 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 funding for the departments assigned to the Board of Supervisors priority area of A Healthy Community for Fiscal Year 2010-2011 is $446.1 million with departmental expenditures budgeted at $453.2 million and the difference of $7.1 million funded through fund balance/retained earnings. Both revenue and expenditures are down, with revenue collections decreasing by $11.8 million and expenditures decreasing by $3.7 million from Mid-Year 2009-2010.

MID-YEAR 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.

Area Agency on Aging: As part of the Mid-Year Financial Report, the Department is requesting to increase appropriations by $71,738 and estimated revenue by $37,330 due to increases in Federal Older Americans Act funding for senior services and programs for direct service provider contracts for senior programs in the community. The Department is also requesting to increase the use of department fund balance by $34,408 to reimburse the State for a one-time audit exception that occurred in Fiscal Year 2003-2004 for which sufficient fund balance has been set aside in anticipation of the audit finding.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Area Agency on Aging	$71,738	$37,330	$34,408	Increase appropriations and estimated revenue due to increases in Federal Older Americans Act funding, and increase the use of department fund balance to reimburse the State for a one-time audit exception.
Total	$71,738	$37,330	$34,408	

Summary of Recommendations: It is recommended to increase appropriations by $71,738 and estimated revenue by $37,330, resulting in an increase in the use of departmental fund balance by $34,408.

BEHAVIORAL HEALTH AND RECOVERY SERVICES

Behavioral Health and Recovery Services: When the State adopted the Fiscal Year 2010-2011 Budget, Governor Schwarzenegger vetoed all State funding for the Severely Emotionally Disturbed (SED) program and declared the mandate suspended, although the underlying statutes remain in effect.

Enacted in 1975, the Federal Individuals with Disabilities Education Act (IDEA) requires States to provide a free appropriate public education (FAPE) to children with disabilities to meet each child's unique needs and prepare him or her for further education, employment, and independent living. Included in this requirement is a provision for positive behavioral interventions and supports as indicated by the student's Individual Education Plan (IEP). In 1984, California enacted Assembly Bill (AB) 3632. This legislation created an unfunded mandate by requiring that the services be provided by the County Mental Health Department through an agreement with the local Office of Education. In 2004, voters enacted Proposition 1A which specified that when there is no funding for a mandate, that mandate must be suspended. Suspension of the mandate shifts financial responsibility for ensuring the requirements of AB 3632 and IDEA back to the Department of Education. BHRS is in the process of negotiating an agreement with the Stanislaus County Office of Education (SCOE) for continued funding of the program.

In the interim, BHRS continues to provide services to approximately 400 students, including five in residential placement. Prior to the mandate suspension, the cost of placement was shared 40% by the State and 60% by the County through a General Fund contribution to the Community Services Agency (CSA) as the appointed claiming authority. As part of the State budget process, the State General Funds used to support this program were eliminated from the budget, thus creating an unfunded mandate on the County. With the passage of the State Budget on October 8, 2010, the Community Services Agency's requirement to reimburse facilities for residential care ended. This has created an unfunded burden on BHRS, pending a final Court decision and execution of an agreement with the SCOE. The legality of the Governor's action is the subject of several Court actions, including the *County of Sacramento v. State of California,* which has been expanded to include several other counties. In November 2010, the Board of Supervisors authorized Stanislaus County to join this suit.

The Department is requesting to decrease estimated revenue by $868,166 due to the expiration of State advanced funding received in prior years and inadvertently posted as earned revenue in Fiscal Year 2009-2010, which will result in the use of $868,166 of department fund balance. Additionally, the Department is requesting to increase appropriations and estimated revenue by $224,404 through a transfer from the Chief Executive Office- Mandated County Match budget to fund placement costs for SED youth through the remainder of this fiscal year. BHRS will continue to pursue a contractual remedy with the Office of Education.

The Department is requesting to increase appropriations and estimated revenue by $416,667 for Federal Financial Participation (FFP) and pass through funding from the CSA for a new children's wraparound program to be administered by a community provider. Additionally, as part of the 2010-2011 Adopted Final Budget, Behavioral Health and Recovery Services (BHRS) contracted with the Community Services Agency for services provided by the Center for Human Services for the Kinship Guardianship Program. At this time, final State allocations have been received and as a result, the Department is requesting to increase one-time pass through appropriations and estimated revenue by $31,680 to reflect the final State allocations to this program.

It is also requested to increase estimated revenue by $480,061 for increases in the Children's System of Care contractor Federal Financial Participation (FFP). The Department is also requesting to decrease estimated revenue by $435,550 as a result of decreased FFP rate collected for the administration of the Medi-Cal program. The Department is requesting to decrease estimated revenue by $236,519 as a result of a decrease in Early Periodic Screening, Diagnosis and Treatment (EPSDT) revenue over previously budgeted estimates. It is also requested to decrease estimated revenue $12,438 to reflect a decrease in pass through funding from the Community Services Agency (CSA) Supportive and Therapeutic Options Program (STOP). With the Board's approval of these recommendations, the Department will increase its use of fund balance by an additional $204,446 with no net county cost.

<u>Managed Care</u>: The Department is requesting a decrease in appropriations of $420,117 as a result of a decrease in the anticipated bed days for Uninsured clients at Doctors Behavioral Health Center. The Department is requesting a decrease in estimated revenue of $55,784 to reflect updated Quality Assurance Federal Financial Participation (FFP) Medi-Cal revenue projections, based on a reduction in utilization review activity. The Department is also requesting an increase in estimated revenue of $408,121 to reflect the increase in the State Managed Care allocation. These budget adjustments will result in an increase of $772,454 in department fund balance.

<u>Stanislaus Recovery Center</u>: The Department is requesting an increase in appropriations of $82,400 to fully fund Parks for grounds maintenance charges as projected through year-end. The Department is also requesting an increase in appropriations of $47,465 to correct the inadvertent underfunding of Stanislaus Recovery Center agreements. The Department is requesting an increase in estimated revenue of

$252,415 from the Federal Substance Abuse Prevention and Treatment Block Grant. The Department is also requesting a decrease in estimated revenue of $122,550 in the agreement between Behavioral Health & Recovery Services and the Community Services Agency for Child Welfare Services clients at Stanislaus Recovery Center.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Behavioral Health & Recovery Services	$0	($868,166)	$868,166	Decrease in estimated AB3632 revenue
Behavioral Health & Recovery Services	$224,404	$224,404	$0	Increase in County Match to fund placement costs for SED youth associated with AB3632
Behavioral Health & Recovery Services	$416,667	$416,667	$0	Increase in appropriations and funding for Children's Wrap Around program
Behavioral Health & Recovery Services	$31,680	$31,680	$0	One time increase in pass through funding from the Community Service Agency (CSA) for Kinship Supportive Services Program
Behavioral Health & Recovery Services	$0	$480,061	($480,061)	Increase in Children's System of Care contractor FFP
Behavioral Health & Recovery Services	$0	($435,550)	$435,550	Decrease in estimated administration Federal Fund Participation (FFP) revenue
Behavioral Health & Recovery Services	$0	($236,519)	$236,519	Decrease in estimated Early Periodic Screening Diagnosis & Treatment revenue
Behavioral Health & Recovery Services	$0	($12,438)	$12,438	Decrease in pass through funding from CSA for Supportive and Therapeutic Options Program (STOP)
BHRS Managed Care Services	($420,117)	$0	($420,117)	Decrease in appropriations to pay for Uninsured bed days at Doctors Behavioral Health Center
BHRS Managed Care Services	$0	($55,784)	$55,784	Decrease in estimated Quality Assurance Federal Fund Participation (FFP) revenue
BHRS Managed Care Services	$0	$408,121	($408,121)	Increase in Mental Health Managed Care Allocation
BHRS Stanislaus Recovery Center	$82,400	$0	$82,400	Add appropriations to pay for Parks Department services not previously budgeted
BHRS Stanislaus Recovery Center	$47,465	$0	$47,465	Add appropriations for contracted customer meals and contracted engineering services
BHRS Stanislaus Recovery Center	$0	$252,415	($252,415)	Increase Substance Abuse Prevention and Treatment block grant
BHRS Stanislaus Recovery Center	$0	($122,550)	$122,550	Decrease in funding from CSA for Child Welfare Services clients
Total	$382,499	$82,341	$300,158	

Staffing Requests: The Department is requesting to unfund the following vacant positions: two Behavioral Health Specialist II and four Clinical Services Technician II. Funding for these positions is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy.

The Department is further requesting to restore one unfunded Accountant III position. This position will be funded using budgeted salary savings and is needed to more closely monitor program budget expenditures and revenues during these challenging economic times. The Department is also requesting to restore one unfunded Clinical Psychologist position and reclassify upward to a Psychiatrist. The Department currently utilizes a Personal Services Contract for Psychiatrist services that will be ending.

The Department is requesting to restore one unfunded Mental Health Clinician III position and reclassify upward to a Manager II. In an effort to streamline activities and avoid duplication of services, the Manager II position will replace two existing funded Program Coordinator positions in the Alcohol and Drug Services Program and the Integrated Forensic Team Program. No new funding will be needed to support the Manager position. The Department is also requesting to reclassify downward one Manager IV position to a Manager II. This position is currently under-filled and this will properly classify the position with the duties performed.

The Chief Executive Office previously received a request to complete a classification study of a Manager IV position in the Public Guardian Office. The study has been completed and based on the job duties and level of responsibility a recommendation to reclassify the position downward is being made.

The Department is further requesting to transfer one Psychiatric Nurse II position from Behavioral Health and Recovery Services to Mental Health Services Act. This technical adjustment will align the position with current job assignments.

BEHAVIORAL HEALTH AND RECOVERY SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alcohol & Drug Services	-1	4021	Behavioral Health Specialist II	Unfund vacancy	Unfund vacant position
BHRS	1	1782	Accountant III	Restore unfunded position	Restore vacant position
	1	623	Mental Health Clinician III	Restore unfunded position/ reclassify upward	Manager II
	1	6367	Clinical Psychologist	Restore unfunded position/ reclassify upward	Psychiatrist
Stanislaus Recovery Center	-1	898	Behavioral Health Specialist II	Unfund vacancy	Unfund vacant position
	-4	375, 562, 9971, 9972	Clinical Services Technician II	Unfund vacancies	Unfund vacant positions
BHRS Changes	-3				
Beginning Allocation	339				
Changes in Allocation	-3				
Ending Allocation	336				

BEHAVIORAL HEALTH AND RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
BHRS	-1	1922	Psychiatric Nurse II	Transfer out	Transfer to MHSA
BHRS	1	8097	Manager IV	Reclassify downward	Manager II
Public Guardian	1	11176	Manager IV	Reclassify downward	Manager II

Summary of Recommendations: It is recommended to increase appropriations by $382,499 and estimated revenue by $82,341 which includes an increase in County Match of $224,404. This results in the use of $300,158 in department fund balance. It is further recommended the staffing changes described and outlined in the table above be adopted.

CHILD SUPPORT SERVICES

The Adopted Final Budget for Fiscal Year 2010-2011 included appropriations of $15,733,181 for the Department of Child Support Services budget, funded from departmental revenue of $15,699,000, and $34,181 in department fund balance.

As part of the Mid-Year Financial Report, the Department is requesting to increase appropriations and estimated revenue by $28,555 due to an increase in State allocation to improve department server room infrastructure and to replace inefficient network switches. The Department developed a plan and analyzed costs associated with the implementation of a server virtualization project and has partnered with the Community Services Agency (CSA) to co-locate and share space within the CSA Facility Data Center. The investment in this project will have no additional impact to the General Fund and will provide future server capacity growth while minimizing the overall space required resulting in a more efficient infrastructure.

The Department is also requesting to decrease appropriations and estimated revenue by $22,000 to reflect reduced interest income from the amount originally budgeted in the Adopted Final Budget for Fiscal Year 2010-2011, which will result in an overall increase of $6,555 at the mid-year.

The Department's final request is to transfer existing appropriations of $156,350 from Salaries and Benefits to Fixed Assets for the purchase of an X-Ray security scanning machine for main reception customers accessing the secured unit; to purchase a customer service kiosk for providing alternate methods and venues to customers to make payments and access payment information as needed; to purchase a storage unit for the server virtualization project; to replace a van that has outlived its useful service life that is used to perform mandated public outreach activities; and to complete minor building maintenance repairs within the Unit. Per existing policy, Board approval is required for an addition or deletion of an appropriation for fixed assets over $10,000. Approval of this transfer will have no impact on the General Fund.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance	
Child Support Services	$28,555	$28,555	$0	Increase appropriations and estimated revenue due to increases in the State allocation for two Information Technology (IT) projects.
Child Support Services	($22,000)	($22,000)	$0	Decrease appropriations and estimated revenue to reflect reduced interest income from the amount originally approved in the Adopted Final Budget for Budget Year 2010-2011.
Child Support Services	($156,350)		($156,350)	Transfer existing appropriations from Salaries and Benefits to Fixed Assets for security scanning equipment, a customer service kiosk, server virtualization equipment , to replace an outreach van, and minor building repairs.
Child Support Services	$156,350		$156,350	Transfer to Fixed Assets from Salaries and Benefits for security scanning equipment, a customer kiosk, server virtualization equipment , to replace an outreach van, and minor building repairs.
Total	$6,555	$6,555	$0	

Staffing Requests: The Department is requesting to delete the following two vacant positions: one Attorney V and one Legal Clerk III. Deleting these vacant positions supports the Department's budget balancing strategy by reducing annual salary and benefit costs.

CHILD SUPPORT SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Child Support Services	-1	1827	Attorney V	Delete position	Delete vacant position
	-1	3088	Legal Clerk III	Delete position	Delete vacant position
Child Support Changes	-2				
Beginning Allocation	167				
Changes in Allocation	-2				
Ending Allocation	165				

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $6,555, and to transfer $156,350 from Salaries and Benefits to Fixed Assets for security scanning equipment, a van and building repairs. It is further recommended the staffing changes described and outlined in the table above be adopted.

COMMUNITY SERVICES AGENCY

The Community Services Agency continues to see increases in General Assistance and cash aid caseloads, a direct result of the current economic downturn and high unemployment rate. These increases can currently be funded in the current fiscal year through the one-time use of all existing departmental fund balance. If the growth trends continue, the Department anticipates a significant General Fund match exposure in Budget Year 2011-2012. Overall, the Department is requesting a reduction in appropriations of $2,981,120 primarily as the result of the 2010-2011 State Budget process. The Governor vetoed funding for the Seriously Emotionally Disturbed (SED) Children program residential care costs, as well as a portion of Child Care program funding. Caseload reductions in the Child Care program also contributed to the overall budget reduction for the Department.

Services and Support: At Mid-Year, the Department is requesting a decrease to the Child Care estimated revenue and appropriations of $3,581,344. Current year State and Federal allocations have been reduced due to declining caseloads in subsidized child care programs, as a result of fewer employed participants in this bad job market. In addition, the State's elimination of the Stage 3 Child Care program on December 31, 2010 affected 235 families who lost Stage 3 Child Care services. Stage 3 Child Care is available for former CalWORKs recipients after transitioning off of aid. Approximately 125 families, 250 children, were transferred to Stage 2 services. Stage 2 Child Care is available to current CalWORKs recipients or former recipients up to two years after they are no longer eligible for aid. The Department projects that the current year Stage 2 funding will support this ongoing Stage 2 caseload.
As part of the Fiscal Year 2010-2011 Final Budget, the Multipurpose Senior Services Program (MSSP) was transferred from CSA to Area Agency on Aging (AAA). At this time, the Department is requesting a reduction of $364,415 in appropriations and estimated revenue in recognition of the program change.

The Department is requesting a decrease of $61,063 in appropriations and estimated revenue to reflect CalFresh (formerly known as Food Stamps) outreach and nutrition services, reduced contract levels.

The Department is requesting to transfer appropriations of $12,533 to the CSA In-Home Supportive Services Public Authority Administration budget to support the full year County share of cost of staffing and support.

The Department is requesting a decrease of $11,485 in estimated revenue to reflect the decreased usage of Connected by 25 Initiative Stuart Grant funds. This will allow an extension of these grant funds into Budget Year 2011-2012 to provide continued support for education, training, housing, permanency and personal/social asset development for youth transitioning from Foster Care.

A $25,000 increase in estimated revenue from the CSA County Children's Fund budget is requested to implement the Child Abuse Prevention Counsel (CAPC) recommendation of providing $25,000 as local match to support clean and sober living environment services for Children's programs.

To ensure counties can meet the high demand for CalFresh (formerly known as Food Stamps) benefits, the adopted State Budget includes the California Welfare Directors Association (CWDA) proposal that waives the required County Match of CalFresh above the current CalWORKs/Food Stamps Maintenance of Effort (MOE). This waiver will allow counties access to a greater draw down of State and Federal CalFresh funds without having to pay the normally required county share of funding, as long as the county is meeting its CalWORKs/Food Stamps MOE entirely in the CalFresh program. Based on the current understanding of eligible costs that count toward MOE, CSA meets this requirement and has planned for access to previously unattainable CalFresh allocation funds. It is important to note that a collaborative effort between the California Department of Social Services (CDSS) and CWDA is currently underway to implement the Food Stamp MOE Waiver. It is possible that changes to the County MOE requirements could occur as a result of this process implementation which could equate to an estimated $3.6 million exposure in the CSA budget. The Department will continue to monitor this project closely and report back to the Board of Supervisors if needed at Third Quarter to remain within the current year budget.

County Children's Fund: The CSA County Children's Fund budget provides for education and support services for the prevention, intervention and treatment of child abuse and neglect, and is funded by revenues from birth certificate sales, local donations and children's license plates fees. The Child Abuse Prevention Council (CAPC) provides recommendations for the use of these funds.

Current year recommendations of CAPC include dedicating existing appropriations to amend the term of the previously six (6) month funded sole source contracts to twelve (12) months as follows: Haven Women's Center; Center for Human Services – Hutton House and Behavioral Health and Recovery Services – Parents United. CAPC further recommends the use of $25,000 as local match to support clean and sober living environment services for Children's programs in the CSA Services and Support budget.

Implementation of this CAPC recommendation represents the first phase in a five (5) year spending plan that will leverage Children's programs in the CSA Services and Support budget. The recommendation for Budget Years 2011-2012 through 2014-2015 would dedicate all CSA County Children's Fund resources to provide local match for sober living and other Children's program core contract services. This will allow for the redirection of more flexible funding streams, such as but not limited to, Promoting Safe and Stable Families (PSSF) and Child Abuse Prevention, Intervention and Treatment (CAPIT), Federal and State funds that do not require local match, to reinstate Differential Response services for children in our community over age six. Differential Response (DR) services are provided by Family Resource Centers (FRC). DR services provide an alternative to a child welfare agency response to reports of child abuse and neglect based on the assessed safety and risk reported. The FRCs promote child abuse/neglect prevention and early intervention programs through flexible, customized responses that consider the needs, resources and circumstances of the family. All DR service contracts will be fully supported within the CSA Services and Support budget and submitted to the Board of Supervisors for approval in each respective annual County budget process.

General Assistance: The Department is requesting a mid-year increase in appropriations of $294,481 for the CSA General Assistance (GA) budget, attributed to the on-going Employables program caseload growth due to the continuing economic downturn. The Employables program provides work assignments to participants in a number of hours that, when multiplied by minimum wage, equals the amount of assistance they are provided. Participants cannot remain on the Employables program for more than three months in a 12-month period. Additionally, although Unemployment Insurance was extended, the Employables program caseload is expected to grow as the unemployed exhaust their full 99 weeks of unemployment Insurance. To offset this increase, the Department is also requesting to transfer in $243,248 in estimated revenue from the CSA Public Economic Assistance budget, and to increase estimated revenue by $51,233 from a prior year claim for reimbursement to the State for Qualified Alien designation for eligible GA Foster Care Youth.

With approval of these requests, the GA budget is balanced at mid-year with no addition of dollars. Should existing trends continue, County General Fund exposure is projected at $654,698 in Budget Year 2011-2012 and $1,166,894 in Budget Year 2012-2013.

In-Home Supportive Services Public Authority Administration: This budget supports the In-Home Supportive Services (IHSS) Public Authority, a separate legal entity created by the Board of Supervisors that exercises public and essential government functions and has all powers necessary and convenient to carry out the provider components of IHSS. The Department is requesting an increase in appropriations of $23,710 funded by $11,177 in State and Federal funding and a transfer in of $12,533 from the CSA

Services and Support budget. This increase is primarily due to the addition of a new consulting services contract.

Public Economic Assistance: The Department is requesting to increase appropriations by $949,665 and estimated revenue by $808,965 in State and Federal funding for increased caseloads in CalWORKs, Foster Care, Adoptions Assistance and the Cash Assistance Program for Immigrants (CAPI).

The Department is requesting as increase in estimated revenue of $41,807 to reflect actual earnings and trends in current year Child Support collections revenue. The Department also requests an increase in estimated revenue of $111,670 in realignment funding transferred from the CSA - Seriously Emotionally Disturbed budget, to reflect the State elimination of funding and suspension of the program mandate.

The Department is requesting to transfer out appropriations of $243,248 to support the CSA - General Assistance budget. The resulting use of $230,471 in departmental fund balance allows the Department to cover local match requirements in mandated Agency programs in this and other CSA budgets, without impact to the County General Fund.

The Public Economic Assistance fund is balanced at mid-year. Should existing trends continue, County General Fund exposure is projected at $1,351,115 in Budget Year 2011-2012 and $2,585,382 in Budget Year 2012-2013.

Seriously Emotional Disturbed Children (SED): The State Budget as enacted on October 8, 2010 included a veto action by the Governor that eliminated the State's 40% share of cost for the Seriously Emotionally Disturbed Children (SED) program and removed the mandate for SED as a non-federal foster care program. In alignment with the State Budget action, and consistent with California Department of Social Services instructions, the Department is requesting to close-out the CSA - Seriously Emotional Disturbed Children budget at mid-year.

The Department is requesting an appropriation decrease of $522,935 to align with the services paid through September 30, 2010, offset by a decrease in estimated revenue of $233,273 in State funding. Realignment revenue for SED was originally established through a transfer from the CSA - Public Economic Assistance budget, so as part of the SED close-out the Department requests that estimated revenue of $111,670 be returned to the CSA - Public Economic Assistance budget to support the mandated Foster Care program. The Department is requesting to increase estimated revenue by $46,412 from the settlement and closure of pending legal action. Finally, the Department requests to return unused County Match funding of $224,404 to the CEO – Mandated Match budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CSA-Services and Support	($3,581,344)	($3,581,344)	$0	Decrease appropriations and estimated revenues for Child Care Stage 1, 2 and 3 to reflect reduced funding as a result of declining caseloads and the elimination of Stage 3 effective 12/31/10.
CSA-Services and Support	($364,415)	($364,415)	$0	Decrease appropriations and estimated revenue for Multipurpose Senior Services Program (MSSP) costs resulting from transfer of program costs to Area Agency on Aging.
CSA-Services and Support	($61,063)	($61,063)	$0	Decrease appropriations and estimated revenues to meet Food Stamp Outreach and Enrollment program contract levels.
CSA-Services and Support	$12,533	$0	$12,533	Increase Operating Transfer Out to CSA IHSS Public Authority Administration for county share of cost.
CSA-Services and Support	$0	($11,485)	$11,485	Decrease estimated revenues to reflect reduced usage of Connected by 25 Initiative/Stuart Grant funds.
CSA-Services and Support	$0	$25,000	($25,000)	Increase Operating Transfer In from CSA County Childrens Fund to support Children's programs.
CSA - County Children's Fund	$25,000	$0	$25,000	Increase Operating Transfer Out to CSA Services and Support to reflect the recommended CAPC Plan to support Children's programs.
CSA-General Assistance	$294,481	$0	$294,481	Increase Appropriations due to caseload growth.
CSA-General Assistance	$0	$51,233	($51,233)	Increase Prior Year Revenue to reflect the retroactive claim reimbursement from CDSS allowable through regulations governing State Qualified Alien designation of GA Foster Care Youth.
CSA-General Assistance	$0	$243,248	($243,248)	Increase Operating Transfer In from CSA Public Economic Assistance.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CSA - IHSS Public Authority Administration	$23,710	$11,177	$12,533	Increase in State and Federal funding to sustain 12 months operations.
CSA - IHSS Public Authority Administration	$0	$12,533	($12,533)	Increase Operating Transfer In from CSA Services and Support to fully fund county share requirements.
CSA-Public Economic Assistance	$949,665	$808,965	$140,700	Increase in State and Federal funding for increased caseloads in CalWORKs, Foster Care, Adoptions Assistance and Cash Assistance Program for Immigrants (CAPI).
CSA-Public Economic Assistance	$0	$41,807	($41,807)	Increase Child Support Revenues to reflect actual earnings/trends.
CSA-Public Economic Assistance	$0	$111,670	($111,670)	Transfer of Realignment due to close-out of CSA Seriously Emotionally Disturbed budget.
CSA-Public Economic Assistance	$243,248	$0	$243,248	Increase Operating Transfer Out to CSA General Assistance.
CSA-Seriously Emotional Disturbed Children	($522,935)	($233,273)	($289,662)	Decrease appropriations and State revenues to actuals due to SED mandate suspension.
CSA-Seriously Emotional Disturbed Children	$0	($111,670)	$111,670	Decrease Realignment Revenue - due to SED mandate suspension.
CSA-Seriously Emotional Disturbed Children	$0	$46,412	($46,412)	Increase estimated revenue from the settlement and closure of pending legal action.
CSA-Seriously Emotional Disturbed Children	$0	($224,404)	$224,404	Return unused County Match due to SED mandate suspension.
Total	($2,981,120)	($3,235,609)	$254,489	

Staffing Requests: The Department is requesting to unfund the following vacant positions: one Social Worker IV, three Family Services Specialist II, one Administrative Clerk III, three Administrative Clerk II, one Supervising Account/Administrative Clerk II, and one Application Specialist III. Funding for these positions is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy.

The Chief Executive Office previously received a request to complete a classification study of three Account Clerk II positions. The study has been completed and based on the job duties and responsibilities of the position; a recommendation to reclassify the position is being made.

COMMUNITY SERVICES AGENCY DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Services and Support	-1	174	Social Worker IV	Unfund vacancy	Unfund vacant position
	-3	1037, 1053, 10730	Family Services Specialist II	Unfund vacancies	Unfund vacant positions
	-1	10906	Administrative Clerk III	Unfund vacancy	Unfund vacant position
	-3	3294, 3498, 8900	Administrative Clerk II	Unfund vacancies	Unfund vacant positions
	-1	2228	Supervising Account Admininistrative Clerk II	Unfund vacancy	Unfund vacant position
	-1	9213	Application Specialist III	Unfund vacancy	Unfund vacant position
CSA Changes	-10				
Beginning Allocation	863				
Changes in Allocation	-10				
Ending Allocation	853				

COMMUNITY SERVICES AGENCY DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Services and Support	3	9205, 9206, 9207	Account Clerk II	Reclassify upward	Account Clerk III

Summary of Recommendations: It is recommended to decrease appropriations by $2,981,120 and estimated revenue by $3,235,609, funded by $254,489 in department fund balance. It is further recommended the staffing changes described and outlined in the table above be adopted.

HEALTH SERVICES AGENCY

Overall, the Health Services Agency is in a positive fiscal position at the mid-year point; however, the Department is projecting a shortfall in the Medically Indigent Adult (MIA) program as a result of changes in patient liability and increased utilization. The Department continues to face challenges brought about by the economic downturn and State budget crisis while managing “today’s new normal” with the anticipation of potentially significant changes “tomorrow.” Projects to identify and implement efficiencies are underway in the Public Health Division and in the Indigent Health Care Program. Participation in the Valley Consortium for Medical Education is ongoing, including exploration and development of additional residencies in Orthopedics and Emergency Medicine.

Emergency Medical Services Discretionary Fund: The Department is requesting an increase in estimated revenue of $86,991 from additional funding from fines and fees collected by the courts, and an increase in appropriations of $8,936 to fully fund administrative costs associated with the increased level of revenue. This will result in the reduction in use of departmental fund balance by $78,055.

Indigent Health Care Program: As part of the Fiscal Year 2010-2011 Final Budget, the HSA Indigent Health Care Program (IHCP) budget anticipated an exposure of $2.3 million based on increased utilization and program changes pertaining to patient liability approved by the Board on March 30, 2010. At this time, the Department continues to project it will not be able to maintain the required level of services to qualified Medically Indigent Adults (MIA) nor meet the County’s mandated Welfare and Institutions (W&I) Code Section 17000 requirements without additional funding. The Department is finalizing its cost of living study and will return to the Board in the near future for a public hearing on any recommended changes to the MIA program. The Department intends to request additional appropriations for this program at that time, in accordance with any approved program adjustments.

Indigent Health Care Program Emergency Medical Services Hospitals: The Department is requesting an increase in appropriations and estimated revenue of $135,287 for increased payments to hospitals for uncompensated emergency medical services, funded by fines and fees collected by the courts (Maddy fees).

Indigent Health Care Program Emergency Medical Services Physicians: The Department is requesting an increase in appropriations and estimated revenue of $302,935 for increased payments to physicians for uncompensated emergency medical services, funded by fines and fees collected by the courts (Maddy fees).

Public Health: The HSA Public Health budget is projected to end the year within the budgeted appropriations. The Department is requesting to move $45,000 currently budgeted under Services and Supplies to the Fixed Assets account to purchase communication equipment for the Public Health Women, Infants & Children (WIC) program in the Public Health Budget.

HSA Public Health Division had also established several trust funds that were approved by the Board in 2009 to comply with the accounting standards and regulations for the State's Emergency Preparedness grants. The State required the County to establish these trust funds to assure that the funds would be used only for CDC Emergency Preparedness expenditures. However, the operational activities required to receive this funding are performed and the expenses are incurred in the Public Health Budget. The Department is requesting to incorporate the below listed Emergency Preparedness funds to roll-up into Public Health Budget to increase efficiencies in the budgeting and fiscal reporting process for the Public Health Division.

Fund 1436 Communicable Disease Control (CDC) Base Fund
Fund 1437 Communicable Disease Control (CDC) H1N1 Fund
Fund 1438 Hospital Preparedness Program (HPP) Base Fund

The Agency is also requesting to dissolve the Hospital Preparedness H1N1 Fund budget. The grant associated with this budget has ended and the Department is requesting to transfer any remaining fund balance to the Hospital Preparedness Program Base Fund to be expended on like activities in the current fiscal year.

The Agency previously established the California Children Services (CCS) trust fund to receive private donations to be used for the Medical Therapy Unit related expenditures. As part of the Agency's efforts to streamline the budgeting and fiscal reporting process, the Department is requesting to roll-up this fund into the Public Health Budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
HSA EMS Discretionary Fund	$8,936	$86,991	($78,055)	Additional revenue from fines and fees collected by the courts and increased administrative costs associated with increased revenue.
HSA IHCP EMS Hospitals	$135,287	$135,287	$0	Increased payments to hospitals for uncompensated emergency medical services funded by fines and fees collected by the courts.
HSA IHCP EMS Physicians	$302,935	$302,935	$0	Increased payments to physicians for uncompensated emergency medical services funded by fines and fees collected by the courts.
HSA Public Health	($45,000)	$0	($45,000)	Reclass Miscellaneous Expenditure Appropriations To Equipment Expense For Public Health Women, Infants & Children (WIC) Program.
HSA Public Health	$45,000	$0	$45,000	Reclass Miscellaneous Expenditure Appropriations To Equipment Expense For Public Health Women, Infants & Children (WIC) Program.
Total	$447,158	$525,213	($78,055)	

Staffing Requests: The Department is requesting to unfund the following vacant positions: one Accountant I, one Family Practice Physician, one Nursing Assistant, one Senior Nurse Practitioner, two Staff Nurse II, three Staff Nurse III, one Administrative Clerk II and one Assistant Public Health Officer. Funding for these positions is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy. The Department is also requesting a classification study of a Staff Services Analyst (Safety) position. A recommendation to study the position is being made.

HEALTH SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	-1	3037	Accountant I	Unfund vacancy	Unfund vacant position
Clinics and Ancillary Services	-1	7822	Family Practice Physician	Unfund vacancy	Unfund vacant position
	-1	10155	Nursing Assistant	Unfund vacancy	Unfund vacant position
	-1	6854	Senior Nurse Practitioner	Unfund vacancy	Unfund vacant position
	-2	2033, 9604	Staff Nurse II	Unfund vacancies	Unfund vacant positions
	-3	1881, 6629, 7940	Staff Nurse III	Unfund vacancies	Unfund vacant positions
Public Health	-1	9596	Administrative Clerk II	Unfund vacancy	Unfund vacant position
	-1	10571	Assistant Public Health Officer	Unfund vacancy	Unfund vacant position
H.S.A. Changes	-11				
Beginning Allocation	492				
Changes in Allocation	-11				
Ending Allocation	481				

HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	11742	Staff Services Analyst	Classification study	Study

Summary of Recommendations: It is recommended to increase appropriations by $447,158 and estimated revenue by $525,213 resulting in a decrease of $78,055 in the use of departmental fund balance, and includes a transfer of $45,000 from Services and Supplies to Fixed Assets for equipment in the WIC program. It is further recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for A Healthy Community are recommended to decrease 2,073,170 and $2,584,170 respectively, funded by $511,000 of departmental fund balance.

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 supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation, providing a wide range of employment and training services, 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 special 1/8 cent sales tax and a contribution from the General Fund.

DEPARTMENTAL REVENUES AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of December 31, 2010, actual revenue collected is $11.6 million, which represented 41% of the estimated annual revenue. This is above the range when compared to the mid-year point of the prior two years when collections were 31.1% and 35.1% of the final actual revenue. As of December 31, 2010, expenditures are $13.6 million, representing 45.5% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were 38.4% and 38.6% of the final actual expenditures, placing this year's expenditures above the range.

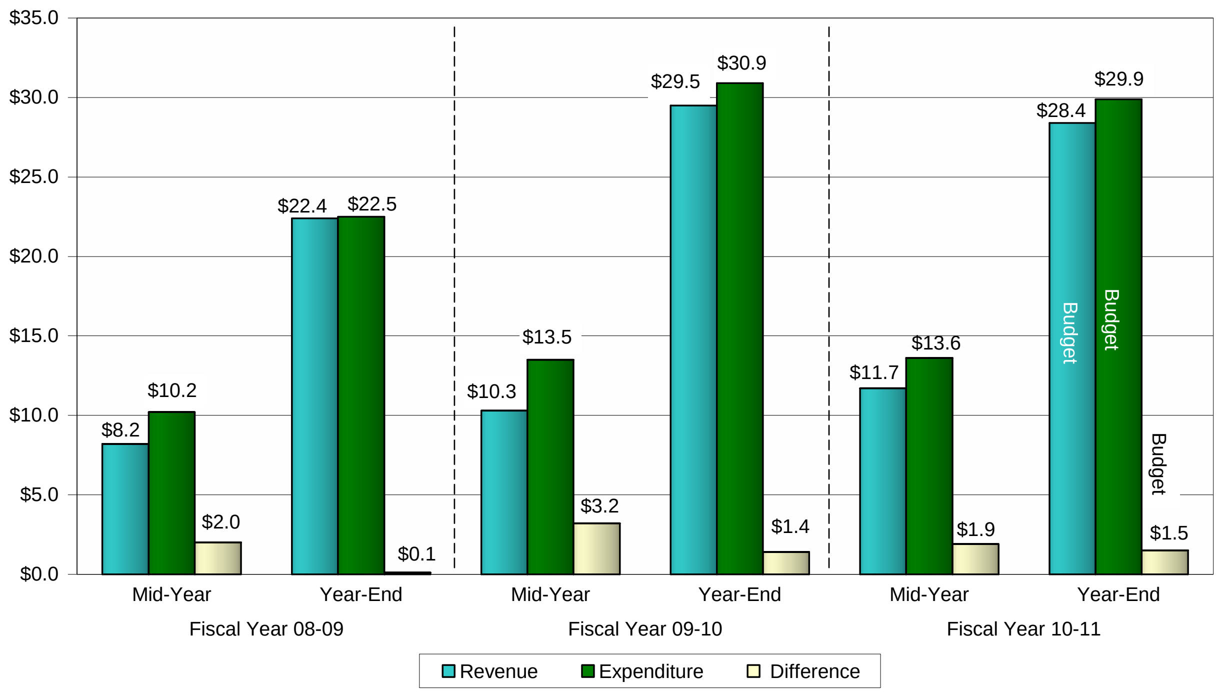
Significant variations this year, compared to the same time period one year ago include:

- Alliance Worknet and Alliance StanWORKs – A combined increase of $1.3 million in revenue and $660,000 in expenditures compared to mid-year of the prior year as a result of the increase in CalWORKs Employment Services funding and growth of the Department's temporary employment services and Welfare-to-Work programs; and

- Library – A decrease in expenditures of approximately $470,000 compared to the same period last year is due to the Department's efforts to reduce expenses through reduced staffing and the delayed purchase of books, materials, and supplies in anticipation of reduced revenue.

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 mid-year 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 Economic
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 2010-2011 is $28.4 million with departmental expenditures budgeted at $29.9 million and the difference of $1.5 million funded through the use of General Fund contributions and fund balance. Department revenue is up by $1.4 million and expenditures are up $.1 million from mid-year 2009-2010.

MID-YEAR ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

The Alliance Worknet has requested to increase appropriations in response to enhanced services and increased funding from the Community Services Agency CalWORKs Employment Services funds. These funds are used to provide temporary employment and welfare-to-work services to the community in light of the current period of high unemployment. The Department has achieved a level of effectiveness with the subsidized employment programs resulting in a $1,927,497 projected increase in revenue. The Department will utilize these funds to provide employment services to additional eligible residents.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Alliance Worknet - StanWORKS	$1,927,497	$1,927,497	$0	Increase in Community Services Agency CalWORKs Employment Services fund for temporary employment and welfare-to- work services.
Total	$1,927,497	$1,927,497	$0	

Summary of Recommendations: It is recommended to increase estimated revenue and expenditures in the amount of $1,927,497 to be funded by increased department revenue.

LIBRARY

The Library has requested to increase appropriations by $198,835 for employee retirement costs and an increase in health care costs, utilities and operating costs and an upgrade to the main software system. An increase in revenue of approximately $502,168 is due to an increase of prior year sales tax collections, additional funding from the State literacy contract, a USDA grant for facility improvements and donations from Friends of the Library Groups. The Library mid-year adjustments will result a net increase in revenue that will be used to reduce the amount of fund balance needed to bridge the budget gap this fiscal year by $303,333. On-going savings are necessary in order to offset the known increases in benefit costs and other operating costs in the upcoming years.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Library	$0	$470,468	($470,468)	Prior year sales tax received in Fiscal Year 2010-2011
Library	$0	$16,700	($16,700)	Additional funding from State for literacy contract and USDA grant for facility improvements
Library	$0	$15,000	($15,000)	Donations from Friends of the Library Groups
Library	$100,000	$0	$100,000	Increase due to health care cost and adjustments to retirement costs
Library	$98,835	$0	$98,835	Increase appropriations for operating expenses with additional revenue received
Total	$198,835	$502,168	($303,333)	

Staffing Requests: The Department is requesting to unfund the following vacant positions: one Librarian III and one Library Assistant II. Due to the challenging economic situation, the Library must continue to minimize its operating expenses in order to cope with the shortfall in revenue and the cost of doing business. The Library has streamlined work processes and will use existing staff to cover the duties of the two vacancies.

LIBRARY DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Library	-1	102	Librarian III	Unfund vacancy	Unfund vacant position
	-1	9613	Library Assistant II	Unfund vacancy	Unfund vacant position
Library Changes	-2				
Beginning Allocation	72				
Changes in Allocation	-2				
Ending Allocation	70				

Summary of Recommendations: It is recommended to increase revenue in the amount of $502,168 and expenditures in the amount of $198,835. It is recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for A Strong Local Economy are recommended to increase by $2,126,332 and $2,429,665 respectively resulting in the use of $303,333 in departmental fund balance. The increase in appropriations and estimated revenue is attributable primarily to increased funding in the Alliance Worknet StanWORKs budget to provide enhanced temporary employment services.

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 which generates approximately $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 Department 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

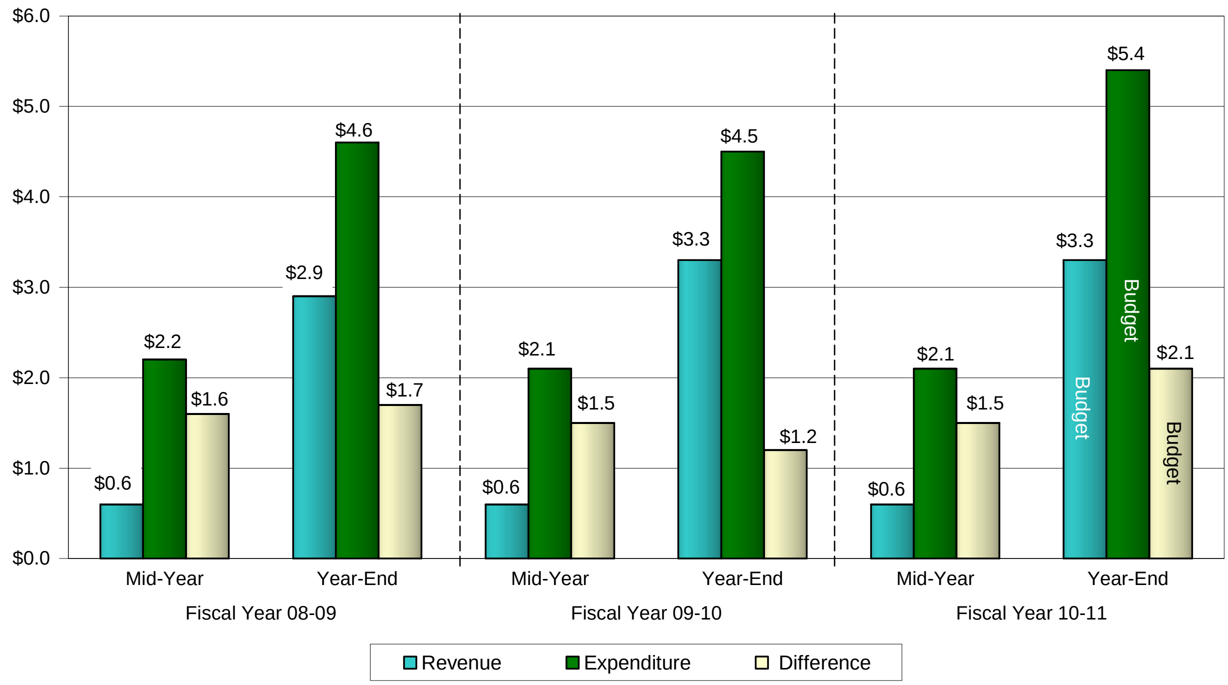
For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of December 31, 2010 actual revenue collected is $637,637, which represents 19.3% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior two years when collections were 20.7% and 18.2% of the final actual revenue. As of December 31, 2010, expenditures are $2.1 million, representing 39% of the budget appropriations. Expenditures at the mid-year point of the prior two years were 47.8% and 46.7% 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 – The increase in revenue of approximately $41,255 is due to new contracts for the Asian Citrus Psyllis (ACP) and the European Grape Vine Moth (EGVM). Expenses are up $37,438 due to GIS support expenses not incurred in the prior year.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution and the use of fund balance/retained earnings. This comparison shows mid-year 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 2010-2011 is $3.3 million, with departmental expenditures of $5.4 million. The difference of $2.1 million is funded through the use of fund balance. Department revenue and expenditures are in line with last fiscal year at the mid-point of the year.

MID-YEAR ISSUES AND RECOMMENDATIONS

The Agricultural Commissioner's Office has requested an increase in revenue and appropriations in the amount of $58,008 as a result of increased funding from the State's contract for monitoring agricultural pests. This increased funding will cover contracted pest detection services for the expanded pest trapping season.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Agricultural Commissioner	$58,008	$58,008	$0	Increase the Pest Detection contract in order to lengthen the trapping season per the request of the California Department of Food and Agriculture
Total	$58,008	$58,008	$0	

Summary of Recommendations: It is recommended to increase revenue and appropriations in the amount of $58,008 to be funded by the increased State funding for pest contract.

SUMMARY

Overall, appropriations and estimated revenue for A Strong Agricultural Economy/Heritage are recommended to increase $58,008. This increase in revenue is the result of an increase in State funding.

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 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 December 31, 2010, actual revenue collected is $45 million, which represents 43% of the estimated annual revenue. This is higher than the range when compared to the mid-year point of the prior two years when collections were 27.6% and 36.6% of the final actual revenue. As of December 31, 2010, expenditures are $43.7 million, representing 32.7% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were 27.3% and 28% of the final actual expenditures, placing this year's expenditures higher than the range.

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

- Department of Environmental Resources – An increase in revenue compared to the same period last year in the amount of $320,000 due to the Department's modified reimbursement schedule. In previous years, costs were transferred as part of year-end procedures. The Department has transitioned to a quarterly reimbursement process to more accurately reflect costs;

- Department of Environmental Resources - Fink Road Landfill – A decline in expenditures compared to mid-year of the prior year in the amount of $2 million due to the majority of the planned Cell No. 5 construction occurring in Fiscal Year 2009-2010;

- Department of Environmental Resources - Geer Road Landfill – An increase in revenue compared to the same period last year in the amount of $1.7 million due to the anticipated capital project planned for Fiscal Year 2010-2011;

- Department of Environmental Resources - Waste-to-Energy Program – An increase in expenditures of $3.2 million compared to mid-year of the prior year due to a significant reduction in the price of electricity sold to Pacific Gas & Electric, resulting in the program's increased operating expenditure;

- Planning and Community Development - Redevelopment – A decrease of $8.4 million in expenditures compared to mid-year of the prior year due to completion of major portions of the Keyes and Empire Infrastructure projects within Fiscal Year 2009-2010;

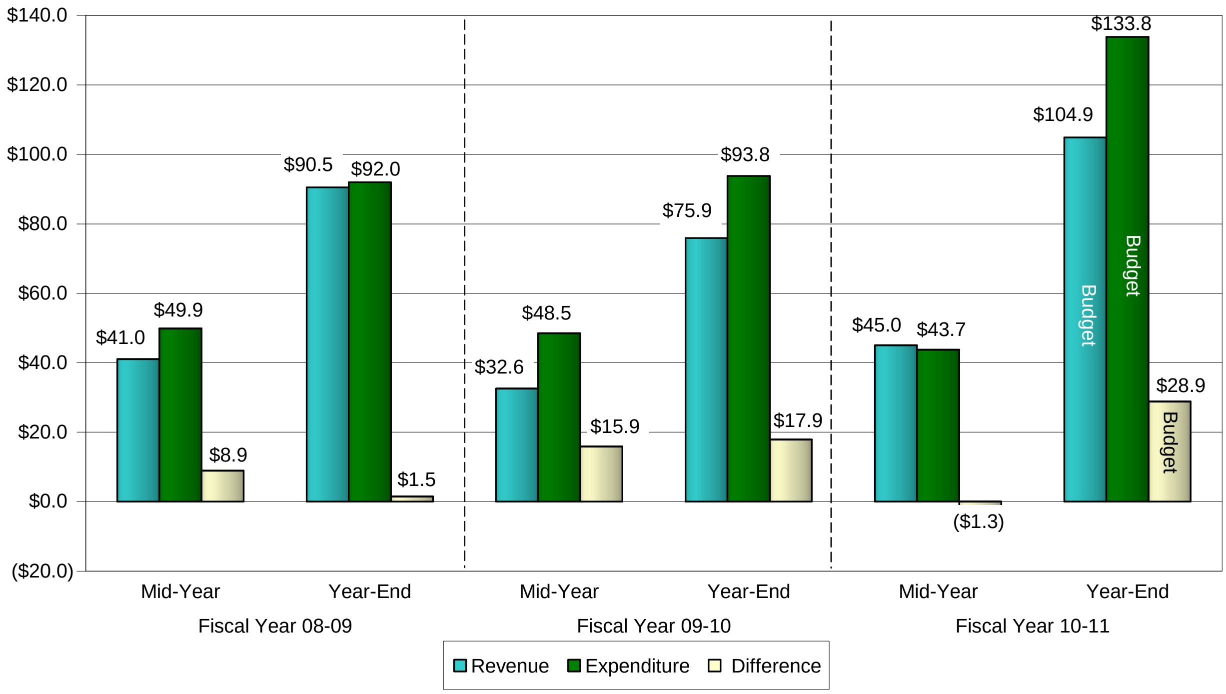
- Planning and Community Development Department Special Revenue Grants – A decrease of $3.5 million in revenue and $3.3 million in expenditures compared to the same period last year as a result of the Fiscal Year 2009-2010 grant award from the Neighborhood Stabilization Program in support of community development programs including housing rehabilitation and down-payment assistance;

- Department of Public Works - Local Transit – An increase of $539,000 in revenue and $330,000 in expenditures compared to mid-year of the prior year due to the timing of receipt of Transportation Development Act (TDA) funds and the purchase of new electronic fare boxes for all buses; and

- Department of Public Works - Road and Bridge – An increase in revenue of $13.4 million and $5.4 million in expenditures compared to the same period last year due to the receipt of Federal American Recovery and Reinvestment Act (ARRA) funding and Public Facility Fee funds. In addition, the Department's delay of 2009-2010 projects in response to the fiscal uncertainty in the State budget until Fiscal Year 2010-2011 resulted in an increase in expenditures compared to the previous fiscal year.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution and the use of fund balance/retained earnings. This comparison shows mid-year 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 2010-2011 is $104.9 million with departmental expenditures budgeted at $133.8 million and the difference of $28.9 million funded through the use of General Fund contributions and fund balance/retained earnings. Department revenue is up by $12.4 million and expenditures are down $4.8 million from mid-year 2009-2010.

<u>MID-YEAR ISSUES AND RECOMMENDATIONS</u>

ENVIRONMENTAL RESOURCES

Staffing Requests: The Department anticipates approximately $600,000 in additional expenses due to retirement and workers' compensation cost increases as well as a $100,000 decrease in General Fund contribution. The Department evaluated its programs to determine which programs were mandated as well as funded versus non-funded. Due to the decrease in the County's discretionary revenue over the last several years, the Code Enforcement Program, which costs over $1.5 million annually to operate, has had its General Fund contribution reduced to an estimated $232,247.

In response, a reorganization is recommended to reduce expenses to the Department for this program by approximately $775,650 which will result in significant reductions to the Code Enforcement Program. The Department will continue to respond to requests for zoning enforcement assistance; however, other department staff will be handling the verification of complaints. This may result in an increase in response time for complaints. The Department is requesting to delete the following filled positions: one Manager IV and three Zoning Enforcement Officers. The deletions will result in a reduction-in-force action effective July 2, 2011.

The Department is further requesting to unfund the following vacant positions: one Manager III, one Administrative Clerk III, one Senior Environmental Health Specialist, one Senior Resource Management Specialist and two Landfill Equipment Operator II. Due to increasing retirement costs and workers' compensation insurance costs as well as decreasing General Fund revenue, the department is unfunding these positions in order to realize salary and benefit savings. This action supports the department's budget balancing strategy.

The Department is also requesting to reclassify downward the following positions: one Environmental Health Specialist III to a Zoning Enforcement Officer, one Hazard Material Specialist III to a Zoning Enforcement Officer, and one Hazard Material Specialist III to an Environmental Technician. These positions are currently being under-filled and this will properly align the positions with the duties performed.

ENVIRONMENTAL RESOURCES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Environmental Resources	-1	9826	Manager IV	Delete filled position	Delete position/Reduction-in-Force Effective 7/02/11
	-3	1251, 7094, 9829	Zoning Enforcement Officer	Delete filled positions	Delete positions/Reduction-in-Force Effective 7/02/11
	-1	3113	Administrative Clerk III	Unfund vacancy	Unfund vacant position
	-1	2190	Senior Environmental Health Specialist	Unfund vacancy	Unfund vacant position
	-1	2090	Senior Resource Management Specialist	Unfund vacancy	Unfund vacant position
Landfill	-1	1489	Manager III	Unfund vacancy	Unfund vacant position
	-2	3817, 3949	Landfill Equipment Operator II	Unfund vacancies	Unfund vacant positions
DER Changes	-10				
Beginning Allocation	92				
Changes in Allocation	-10				
Ending Allocation	82				

ENVIRONMENTAL RESOURCES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Environmental Resources	1	1004	Environmental Health Specialist III	Reclassify downward	Zoning Enforcement Officer
	1	919	Hazard Material Specialist III	Reclassify downward	Zoning Enforcement Officer
	1	1035	Hazard Material Specialist III	Reclassify downward	Environmental Technician

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

PARKS AND RECREATION

Staffing Request: Due to increasing retirement and workers' compensation insurance costs, as well as decreasing General Fund revenue, the Department is requesting to unfund one vacant Park Maintenance

Worker II position in order to realize salary and benefit savings. This action supports the Department's budget balancing strategy.

PARKS AND RECREATION STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Parks and Recreation	-1	3954	Park Maintenance Worker II	Unfund vacancy	Unfund vacant position
Parks & Recreation Changes	-1				
Beginning Allocation	22				
Changes in Allocation	-1				
Ending Allocation	21				

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

PLANNING AND COMMUNITY DEVELOPMENT

Building Permits Division: The Planning and Community Development Department has requested to increase appropriations and estimated revenue as a result of increased funding for inspection services. The City of Oakdale has requested building inspection services and entered into a contract with the Department. Estimated revenues and expenditures related to this contract and other miscellaneous sources are estimated at $90,296. This increase in estimated revenue allows the Department to fill a Building Inspector III position to fulfill the contract requirements and supervision duties.

Redevelopment Agency: The Planning and Community Development Department has requested to increase appropriations to fund the transfer of Housing Fund Share funding to Planning Redevelopment Agency – Housing Set Aside from the Redevelopment Agency for housing rehabilitation, down payment assistance, and administrative services. These funds are based on tax increment which is determined after the fiscal year is closed. The Fiscal Year 2010-2011 Final Budget included $1,680,000 in anticipated funding within the Redevelopment Agency – Housing Set Aside budget unit. Working with the Auditor-Controller, the Department anticipates a higher-than-estimated tax increment, requiring a transfer of $408,906 to the Redevelopment Agency – Housing Set Aside budget unit.

Redevelopment Agency – Housing Set Aside: The Planning and Community Development Department has requested to increase revenue as a result of the $408,906 transfer in Housing Fund Share funding to Redevelopment Agency – Housing Set Aside from the Redevelopment Agency for housing rehabilitation, down payment assistance, and administrative services.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Planning - Building Permits	$90,296	$90,296	$0	Increase appropriations and estimated revenue as a result of a contract with the City of Oakdale for building inspection services.
Planning & Community Development - Redevelopment Agency	$408,906	$0	$408,906	Increase appropriations to fund the transfer of Housing Fund Share funds for rehabilitation, down payment, and administrative services.
Planning & Community Development - Redevelopment Agency Housing Set Aside	$0	$408,906	($408,906)	Increase revenue as a result of the transfer of Housing Fund Share funds for rehabilitation, down payment, and administrative services.
Total	$499,202	$499,202	$0	

Staffing Requests: The Department is requesting to unfund three vacant Administrative Clerk III positions. Funding for these positions is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy.

PLANNING AND COMMUNITY DEVELOPMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Building Permits	-1	8769	Administrative Clerk III	Unfund vacancy	Unfund vacant position
Planning	-2	3143, 3669	Administrative Clerk III	Unfund vacancies	Unfund vacant positions
Planning Changes	-3				
Beginning Allocation	32				
Changes in Allocation	-3				
Ending Allocation	29				

Summary of Recommendations: It is recommended to increase appropriations and revenue $499,202 for building inspection services and a cash transfer from the Redevelopment Agency Capital Projects fund to the RDA Housing Set-Aside fund. It is further recommended the staffing changes described and outlined in the table above be adopted.

PUBLIC WORKS

Morgan Shop: The Public Works Department has requested to increase appropriations by $90,000 for the purchase of an above-ground tank to store and pump bio-fuel used in alternative fueled vehicles. The Department has recently purchased bio-fuel heavy vehicles with a Congestion Mitigation and Air Quality grant. Having a fueling tank on sight will provide the Department with an efficient fueling source.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Public Works - Morgan Shop	$90,000	$0	$90,000	Increase appropriations for the purchase of an above ground tank to store and pump Bio-Diesel fuel to be funded by retained earnings.
Total	$90,000	$0	$90,000	

Staffing Request: The Chief Executive Office received a request in the 2009-2010 First Quarter Report to complete a classification study of two Transportation Project Coordinator positions. During the study one of the positions became vacant and this position was deleted. The study of the remaining single allocated position has been completed and based on the job duties and responsibilities of the position, a recommendation to downward classify the position to Staff Services Coordinator is recommended. Additionally, the Transportation Project Coordinator classification is recommended to be deleted. These actions are effective April 23, 2011.

PUBLIC WORKS DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITION	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Engineering	1	2148	Transportation Project Coordinator	Reclassify downward/ Delete Classification	Staff Services Coordinator

Summary of Recommendations: It is recommended to increase appropriations by $90,000 to be funded by the use of fund balance for the purchase of an above ground bio-fuel tank. It is further recommended the staffing change described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Well-Planned Infrastructure System are recommended to increase by $589,202 and $499,202 respectively funded by $90,000 retained earnings. The increase is attributable primarily to a $408,906 increase in tax increment to fund the transfer of Housing Fund Share funding for housing rehabilitation, down payment assistance, and administrative services.

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, Board of Supervisors, Chief Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, Strategic Business Technology and Treasurer-Tax Collector. The revenue used to pay for the majority of these services comes from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary sources. A large portion of the Clerk-Recorder is funded through charges for services provided. The General Services Agency and Strategic Business Technology's primary funding source is charging other County departments for the services they provide.

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 December 31, 2010, actual revenue collected is $50 million, which represents 44.5% of the estimated annual revenue. This is below the range when compared to the mid-year point of the prior two years when collections were 45.9% and 46.4% of the final actual revenue. As of December 31, 2010, expenditures are $75.1 million, representing 42.1% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were 49.1% and 47.3% 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 – Debt Service Fund - A $2.7 million decrease in revenue due to the timing of the allocation in Public Facility Fees and Criminal justice Facilities Fees;

- Chief Executive Office – Risk Management General Liability Fund - A $0.9 million increase in revenue due to an insurance check that was received for the preliminary Honor Farm settlement in the first half of the fiscal year;

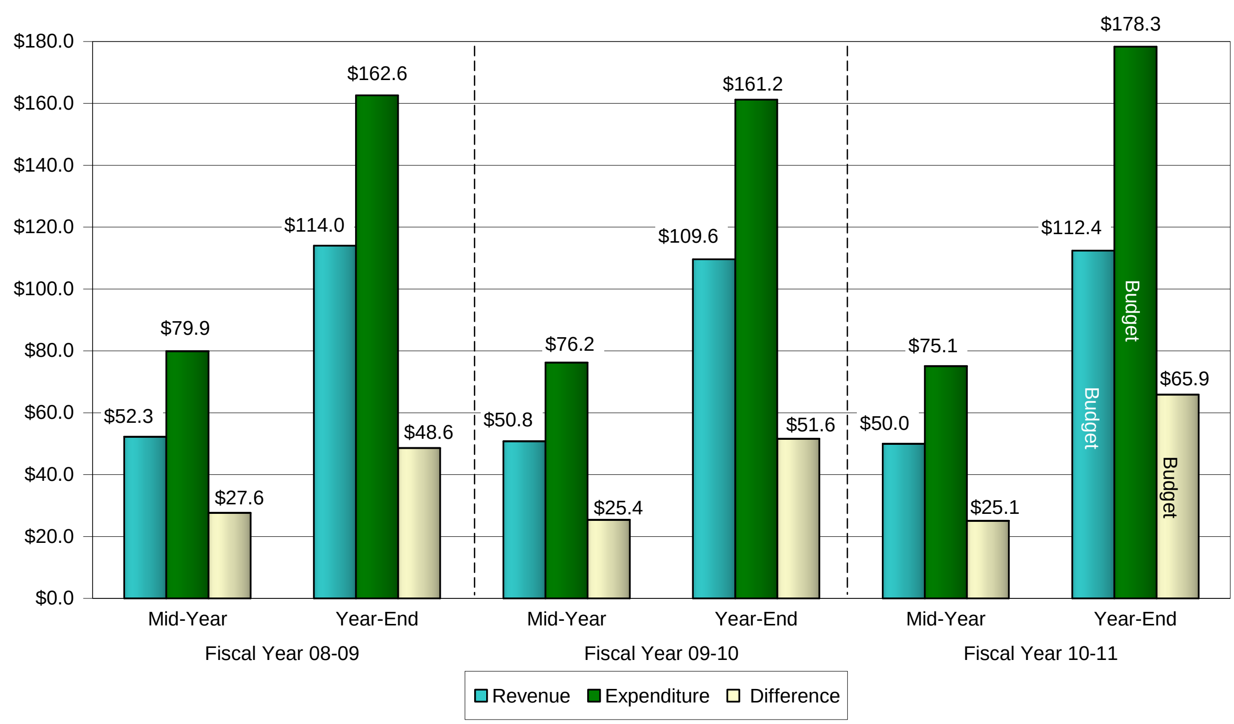
- Chief Executive Office – General Fund Contribution to Other Programs - A $4.3 million increase in expenditures is due to the establishment of this budget to fund those programs for which no State or Federal mandate exists. These programs were previously funded through the General Fund Match and Support budget;

- Chief Executive Office – Mandated County Match - A $5.5 million decrease in expenditures is primarily due to the General Fund revenue allocation for County Match being separated into two legal budgets, Mandated County Match and General Fund Contributions to Other Programs. The Mandated County Match budget includes funding for those programs that have a State or Federal requirement for local dollars as match in order to receive State or Federal funding. Programs that receive General Fund revenue based on contractual obligations and Board of Supervisors policy decisions, and contributions to outside agencies have been moved to the new budget.

- Clerk-Recorder – Elections Division – A $1 million increase in revenue due to SB90 reimbursement of the 2008/2009 Presidential General Elections and the 2008/2009 Special Election.

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 mid-year and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services.

Efficient Delivery of Public Services
Three Year Comparison



The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services for Fiscal Year 2010-2011 is $112.4 million and total budgeted expenditures are $178.3 with a difference of $65.9 million funded through the use of General Fund contributions and the use of fund balance/retained earnings. Revenue is down by $0.8 million and expenditures are down by $1.1 million from mid-year 2009-2010.

MID-YEAR ISSUES AND RECOMMENDATIONS

AUDITOR-CONTROLLER

Due to budget shortfalls in the Auditor-Controller's Office, the Auditor is no longer retaining staff in the Internal Audit Division. The number of employees in the division has been reduced from six to two in recent years. With projected General Fund contribution decreasing further for Budget Year 2011-2012, the Auditor-Controller is assessing and focusing on critical services. The two remaining employees in the division can more effectively provide core or mandated services to the County in other Auditor-Controller divisions.

The Auditor-Controller is aware of the significant value the Internal Audit Division provides to the County. As the Department focuses on the core services provided to the County, they have been required to make choices that do not jeopardize these services such as the monthly financial reporting, annual financial report and audit, property tax calculations and apportionments, payroll processing and reporting requirements, the county cost plan and other mandated State requirements.

Some of the functions currently being performed by the Internal Audit Division will continue to be performed in the Auditor-Controller's Office. These functions are:

- Quarterly Treasury Statement of Assets review as required by California State Code Section 26922;
- Fiscal year end verification of imprest cash balances performed on an annual basis;
- Cash losses that may occur during the year; and
- Instances of potential financial fraud that the Auditor-Controller's Office becomes aware of.

In addition, the Auditor-Controller's Office will perform more limited procedures when reviewing purchasing card activity on an annual basis than what has been currently performed by the Internal Audit Division. Results of the most recent series of purchasing card audits covering Fiscal Year 2009-2010 transactions reflects that the majority of Departments are in compliance with the County Purchasing Card and Travel Policies. A sample of purchasing card transactions will be determined on a county wide basis based upon a risk assessment of these transactions. One report will be issued detailing the objective and scope along with any findings and recommendations noted by the Department. The Auditor-Controller and Chief Executive Officer will continue to communicate to the various County Departments and related agencies the importance of compliance with the County Purchasing Card and Travel Policies.

Staffing Requests: The Department is requesting to unfund the following vacant positions due to budget constraints: one Manager IV, one Accountant III, one Accountant I, and two Account Clerk III. The Chief Executive Office previously received a request to complete a classification study of an Accountant II in the Property Tax Division. The study has been completed and based on the complexity of the job duties and level of responsibility a recommendation to reclassify the position to an Accountant III is being made.

AUDITOR-CONTROLLER DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor-Controller	-1	1662	Manager IV	Unfund vacancy	Unfund vacant position
	-1	10660	Accountant III	Unfund vacancy	Unfund vacant position
	-2	2993, 3049	Account Clerk III	Unfund vacancies	Unfund vacant positions
	-1	2198	Accountant I	Unfund vacancy	Unfund vacant position
Auditor Changes	-5				
Beginning Allocation	43				
Changes in Allocation	-5				
Ending Allocation	38				

AUDITOR-CONTROLLER DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor-Controller	1	2164	Accountant II	Reclassify upward	Accountant III

Summary of Recommendations: It is recommended that the Auditor Controller continue to assist Departments in identifying solutions to ensure compliance with the County Purchasing Card and Travel Policies. It is further recommended the staffing changes described and outlined in the table above be adopted.

CHIEF EXECUTIVE OFFICE

Appropriations for Contingencies: It is requested to decrease appropriations by $3,973 to transfer funds to the Grand Jury budget in order to fully fund Civil Grand Jury fees.

Mandated Match: It is requested to decrease appropriations by $224,404 to reflect the return of unused match funds from the Community Services Agency Seriously Emotionally Disturbed (SED) Children budget. This return of funds is a result of the State Budget elimination of funding and suspension of the mandate to provide services for SED youth.

It is requested to increase appropriations by $224,404 to fund contract costs for placement services related to the SED program in the Behavioral Health and Recovery Services budget. This budget is responsible to provide treatment for SED youth through the use of Federal funds and as such has entered into agreements for residential placement services that must be fulfilled.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CEO Appropriations for Contingencies	($3,973)	$0	($3,973)	Use of Appropriations for Contingencies to fund Civil Grand Jury fees
CEO Mandated Match	($224,404)	$0	($224,404)	Return of unused match from CSA Seriously Emotionally Disturbed Children (SED) budget
CEO Mandated Match	$224,404	$0	$224,404	Fund BHRS for residential placement costs for SED youth
Total	($3,973)	$0	($3,973)	

Staffing Requests: The Chief Executive Office - Operations and Services has initiated a budget reduction strategy to align current staffing levels with General Fund revenue projections for Budget Year 2011-2012. The resulting analysis concluded that this budget would need to reduce staffing from 41 budgeted full-time positions in Fiscal Year 2010-2011, to 34 budgeted full-time positions in Budget Year 2011-2012, reducing costs by approximately $964,000. The Department is recommending the staffing changes with the 2010-2011 Mid-Year Budget in order to establish current year cost savings to carry forward into next fiscal year.

In December 2010, employees in the Department were informed of the pending staffing recommendations and provided an opportunity to apply for alternative vacant positions in other County departments. The advanced planning and successful placement of Department employees has reduced the planned number of reductions-in-force from 4 positions to 2 positions.

The recommendations include the deletion and reduction-in-force of one Manager III and one Confidential Assistant III; downgrading two Manager III positions to Confidential Assistant IV and one Confidential Assistant IV position to Confidential Assistant III; deletion of two vacant Confidential Assistant III positions; and unfunding one vacant Chief Information Officer position and two vacant Deputy Executive Officer positions. The reduction in staff will require remaining staff to focus on core mandated functions related to Human Resources, Operations and Services, Capital Projects and Clerk of the Board. Economic Development, Organizational Performance and the Chief Information Officer functions will be significantly reduced or eliminated.

The Chief Executive Office- Risk Management Division has initiated a budget reduction strategy to align current staffing levels with General Fund revenue projections for Budget Year 2011-2012. The resulting analysis concluded that the Division would need to reduce staffing from 14 budgeted full-time positions in Fiscal Year 2010-2011, to 10 budgeted full-time positions in Budget Year 2011-2012, reducing costs approximately $220,000 annually. The Division is recommending the staffing changes with the 2010-2011 Mid-Year Budget in order to establish current year cost savings to carry forward in next fiscal year.

In December 2010, employees in the Division were informed of the pending staffing recommendations and provided an opportunity to apply for alternative vacant positions in other County departments. The advanced planning and successful placement of Division employees has resulted in the department no longer needing a reduction-in-force of existing employees.

The recommendations include the unfunding of one Confidential Assistant IV position; unfunding two vacant Confidential Assistant II positions and one vacant Confidential Assistant III position; downgrading one Manager II position to Confidential Assistant V; and block-budgeting one Manager II position to a Manager I/II/III. Remaining staff will focus on core mandated functions related to OSHA compliance, safety training, employee leave of absence administration, workers' compensation claims, health insurance administration and general liability claims filed against the County. Each of these areas will be impacted by the staffing reductions through a reduction in the overall level of service provided, including: increased wait times for customer requests; elimination of on-call services after normal business hours; elimination of non-mandated training functions; and reduced support for department safety programs.

CHIEF EXECUTIVE OFFICE STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations and Services	-1	4027	Manager III	Delete filled position	Delete position/Reduction-in-Force Effective 4/23/11
	-1	11484	Confidential Assistant III	Delete filled position	Delete position/Reduction-in-Force Effective 4/23/11
	-2	8161, 8694	Confidential Assistant III	Delete positions	Delete vacant positions
	-1	9854	Chief Information Officer	Unfund vacancy	Unfund vacant position
	-2	1580, 1592	Deputy Executive Officer	Unfund vacancies	Unfund vacant positions
Risk Management Division	-1	11308	Confidential Assistant IV	Unfund vacancy	Unfund vacant position
	-1	1727	Confidential Assistant III	Unfund vacancy	Unfund vacant position
	-2	1806, 1812	Confidential Assistant II	Unfund vacancies	Unfund vacant positions
CEO Changes	-11				
Beginning Allocation	55				
Changes in Allocation	-11				
Ending Allocation	44				

CHIEF EXECUTIVE OFFICE TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations and Services	2	7827, 10251	Manager III	Reclassify downward	Confidential Assistant IV
	1	9678	Confidential Assistant IV	Reclassify downward	Confidential Assistant III
Risk Management Division	1	6226	Manager II	Reclassify downward	Confidential Assistant V
	1	9037	Manager II	Reclassify upward/Block budget position	Manager III

Summary of Recommendations: It is recommended to decrease appropriations by $3,973 from Appropriations for Contingencies to fully fund the Civil Grand Jury fees. Use of Appropriations for Contingencies requires a four-fifths vote of the Board of Supervisors. It is further recommended the staffing changes described and outlined in the table above be adopted.

CLERK-RECORDER – ELECTIONS DIVISION

The Clerk-Recorder- Registrar of Voters has identified a potential exposure in the Elections Division for a special election. The Governor has indicated that a Special Election will be called sometime before the end of the 2010-2011 Fiscal Year to ask voters to extend temporary tax increases on vehicles, sales and income to assist with the State Budget crissis. If a Special Election is scheduled in the current fiscal year, the Clerk Recorder – Elections Division would need additional appropriations of approximately $600,000 to conduct the election. Once a Special Election is called, the Department will bring a separate agenda item to the Board of Supervisors for consideration.

GENERAL SERVICES AGENCY

The General Services Agency (GSA) is comprised of five divisions: Administration, Central Services, Facilities Maintenance, Fleet Services, and Purchasing. GSA Administration is a General Fund division within the General Services Agency and provides support to GSA through payroll, accounting, budgeting, and personnel services. All other divisions provide services to Stanislaus County Departments.

Administration: The Adopted Final Budget for Fiscal Year 2010-2011 included appropriations of $478,520 for the Administration budget, funded from departmental revenue of $32,391, and Net County cost of $446,129.

As part of the Mid-Year Financial Report, the Department is requesting to increase appropriations by $24,238 in the Administration budget through a transfer of appropriations from the Purchasing budget to fund an unanticipated cashout. Approval of this request will have no additional impact on the General Fund.

Purchasing: The Purchasing Division's total year-end carryover savings from Fiscal Year 2009-2010 was $51,685 in appropriations. The Department is requesting to decrease appropriations by $24,238 in the Purchasing budget and transfer existing appropriations to the Administration budget to fund an unanticipated cashout.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
General Services Agency - Administration	$24,238	$0	$24,238	Increase appropriations through a transfer from the existing appropriations in the Purchasing budget.
General Services Agency - Purchasing	($24,238)	$0	($24,238)	Decrease appropriations in the Purchasing budget and transfer existing appropriations to the Administration budget to fund an unanticipated cashout.
Total	$0	$0	$0	

Staffing Requests: The General Services Agency has met with customer departments to determine the level of services required in Budget Year 2011-2012. In an effort to control overhead, the Department eliminated a Manager IV and Building Services Supervisor position in the 2010–2011 Final Budget. These reductions were in response to customer requests to reduce service levels by the Third Quarter, in preparation for additional reductions anticipated in Budget Year 2011-2012.

The Facilities Maintenance Division is recommending reducing positions in both janitorial and maintenance staff to properly address the current revenue shortfall and to prepare for the continued decrease of requested services. The Department is requesting to delete the following vacant positions: one Maintenance Engineer II, one Maintenance Engineer III, and two Housekeeper/Custodian. The Department is also requesting to delete the following filled positions in the Facilities Maintenance Division: five Maintenance Engineer II, one Maintenance Engineer III, one Supervising Janitor, one Senior Custodian, and one Housekeeper/Custodian. The deletions will result in a reduction-in-force action effective April 23, 2011. Savings as a result of these reductions are estimated to be $98,879 in Fiscal Year 2010-2011 and $609,541 in Budget Year 2011-2012. As a result of these reductions the Department will not be able to provide the same level of service as in previous years. Preventative maintenance will continue to be performed; however response time in all but emergency situations may be lengthened. Departments are aware of this, and have requested the reduced services to achieve budget savings that will allow them to maintain their core functions.

The Department is further requesting to delete one filled Equipment Services Technician position in the Fleet Services Division. The deletion will result in a reduction-in-force action effective April 23, 2011. The

Department is also requesting to reclassify upward one vacant Administrative Clerk II position to a Storekeeper I. The Storekeeper position will assume some of the duties previously assigned to the Administrative Clerk II position, in addition to tracking materials inventory and procuring needed parts.

The Department is also requesting to reclassify downward one Storekeeper II position to a Storekeeper I in Central Services. The position is currently being under-filled and this will properly classify the position with the duties performed.

GENERAL SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Facilities Maintenance Division	-1	3823	Housekeeper/Custodian	Delete filled position	Delete position/Reduction-in-Force Effective 4/23/11
	-1	2098	Senior Custodian	Delete filled position	Delete position/Reduction-in-Force Effective 4/23/11
	-1	2059	Supervising Janitor	Delete filled position	Delete position/Reduction-in-Force Effective 4/23/11
	-2	3921, 3990	Housekeeper/Custodian	Delete positions	Delete vacant positions
	-5	3834, 3873, 3989, 3996, 11376	Maintenance Engineer II	Delete filled positions	Delete positions/Reduction-in-Force Effective 4/23/11
	-1	6954	Maintenance Engineer II	Delete position	Delete vacant position
	-1	3889	Maintenance Engineer III	Delete filled position	Delete position/Reduction-in-Force Effective 4/23/11
	-1	6967	Maintenance Engineer III	Delete position	Delete vacant position
Fleet Services Division	-1	12295	Equipment Services Technician	Delete filled position	Delete position/Reduction-in-Force Effective 4/23/11
GSA Changes	-14				
Beginning Allocation	67				
Changes in Allocation	-14				
Ending Allocation	53				

GENERAL SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Central Services	1	2277	Storekeeper II	Reclassify downward	Storekeeper I
Fleet Services Division	1	11741	Administrative Clerk II	Reclassify upward	Storekeeper I

Summary of Recommendations: It is recommended to transfer appropriations of $24,238 from the GSA Purchasing budget to the Administration budget to fund an unanticipated cashout funded from existing appropriations in the Purchasing budget generated from 75% prior year carryover appropriations. It is further recommended the staffing changes described and outlined in the table above be adopted.

STRATEGIC BUSINESS TECHNOLOGY

Staffing Request: The Department is requesting to restore one vacant unfunded Manager IV position. This position is necessary to meet the current and future operating needs of Strategic Business Technology. Currently, the Manager IV performing a majority of the responsibilities of this position is assigned to the Chief Executive Office but funded through SBT and ICJIS. This individual will transfer to the SBT position. No increase in appropriations is required.

STRATEGIC BUSINESS TECHNOLOGY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Strategic Business Technology	1	1610	Manager IV	Restore unfunded position	Restore vacant position
SBT Changes	1				
Beginning Allocation	24				
Changes in Allocation	1				
Ending Allocation	25				

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

SUMMARY

Overall, appropriations for Efficient Delivery of Public Services are recommended to decrease by $3,973 from Appropriations for Contingencies to fund the Civil Grand Jury fees. Use of Appropriations for Contingencies requires a four-fifths vote of the Board of Supervisors.

DEPENDENT LIGHTING DISTRICTS AND COUNTY SERVICE AREAS

As part of the 2010-2011 Final Budget, spending plans were estimated and appropriations were approved for the dependent lighting districts and County Service Areas (CSA's) governed by the Board of Supervisors to allow them to operate in the fiscal year. Year-end analysis reveals that, due to unexpected repairs and additional services provided, some of these districts need an increase in appropriations to pay the final expenditures for this year.

Special Districts receive revenue from property taxes and/or special assessments. The funds can only be used for the purpose for which they were collected and only those residents who benefit from services provided by a special district pay for them. Listed below are the districts governed by the Board of Supervisors requiring an adjustment in the current Fiscal Year and requested as part of the mid-year process.

Dependent Lighting Districts

Fund	District Name	Original Budget 2010-2011	Budget Adjustment Requested	Total Adjusted Budget
1850	Airport Neighborhood	$16,779	$1,221	$18,000
1852	Country Club – A	$2,115	$85	$2,200
1853	Country Club – B	$587	$113	$700
1854	Crows Landing	$2,396	$104	$2,500
1855	Deo Gloria	$3,054	$46	$3,100
1861	Golden State	$1,052	$4,000	$5,052
1865	North McHenry	$6,971	$16,529	$23,500
1866	North Oaks	$2,585	$65	$2,650
1869	Peach Blossom	$560	$40	$600
1871	Richland	$5,226	$574	$5,800

1873	Sunset Oaks	$10,308	$792	$11,100
	Total	$51,633	$23,569	$75,202

Summary of Recommendations: It is recommended to increase the Dependent Lighting Districts by $23,569 to more accurately reflect the revised estimated costs of services provided to these districts. There are sufficient fund balances in all but two of the lighting districts to cover the requested increased appropriations. The two districts without sufficient fund balance are North McHenry and Golden State.

The North McHenry Lighting district is projected to have a negative cash balance of approximately $25,000 by June 30, 2011. This is the result of five years of a continuing structural deficit. Recent vandalism of lighting standards has also driven up the deficit. North McHenry is the sole lighting district that does not have a formula in place to determine the annual assessment. The assessment is a fixed amount which requires a Proposition 218 vote to increase. The approved assessment is insufficient to cover the annual operations and maintenance costs of the district. A meeting was held with property owners in September to explain the situation and provide the options of: 1) increase the assessment, 2) shut off lights. As a result of these meetings, the Department is in the process of conducting a Proposition 218 vote. Property owners are being given the opportunity to vote on an increased assessment based on annual operations/maintenance costs and the recovery of the existing deficit, and a methodology for determining the annual assessment. If the ballot procedure fails, the Department plans to turn off some of the existing lights, and leave them off until the existing deficit has been recovered (approximately 5 years). When the deficit has been recovered, the available funding will be evaluated and the level of lighting increased up to an amount supported by the existing assessment.

Golden State Lighting District's fund balance as of December 31, 2010 was $1,187. The requested increase in appropriations is due to a vehicle accident that resulted in extensive damage to one of the light standards. On receipt of the accident report, the Department will pursue reimbursement from the vehicle owner. If reimbursement is not forthcoming, the District's fund balance in June 2011 is projected to be in a deficit of approximately $3,500. This lighting district has an approved formula for calculating the annual assessment, and therefore, any deficit will be factored into the assessment for Budget Year 2011-2012 .

BUDGET SCHEDULE

The following schedule is recommended for the final 2010-2011 quarterly financial reporting and for the 2011-2012 Proposed Budget:

- March 11, 2011 — Issue 2011-2012 Proposed Budget Instructions to Departments
- April 11, 2011 — Department's Proposed Budget Submittals due to Chief Executive Office
- May 3, 2011 — Third Quarter Financial Report to the Board of Supervisors
- May 27, 2011 — 2011-2012 Proposed Budget available to the Public
- June 7, 8, 9, 2011 — Proposed Budget Presentation and Public Hearing to the Board of Supervisors
- September 13, 14, 15, 2011 — 2011-2012 Final Budget Presentation and Public Hearing to the Board of Supervisors