Third Quarter Financial Report
July 2010 — March 2011

BOARD OF SUPERVISORS

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Submitted by
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Introduction

This is the Chief Executive Office's Third Quarter Financial Report for the period of July 2010-March 2011 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 Third Quarter Report primarily deals with the status of the County's budget as of March 31, 2011, it includes a look forward at the significant budget challenges facing the State of California and county government. The County anticipates declining revenues from property related revenue, reductions in social services funding and the impact to the County from the significant budget challenges facing the State of California. The County continues to look at strategies to assure a balanced budget in Budget Years 2011-2012 through 2014-2015.

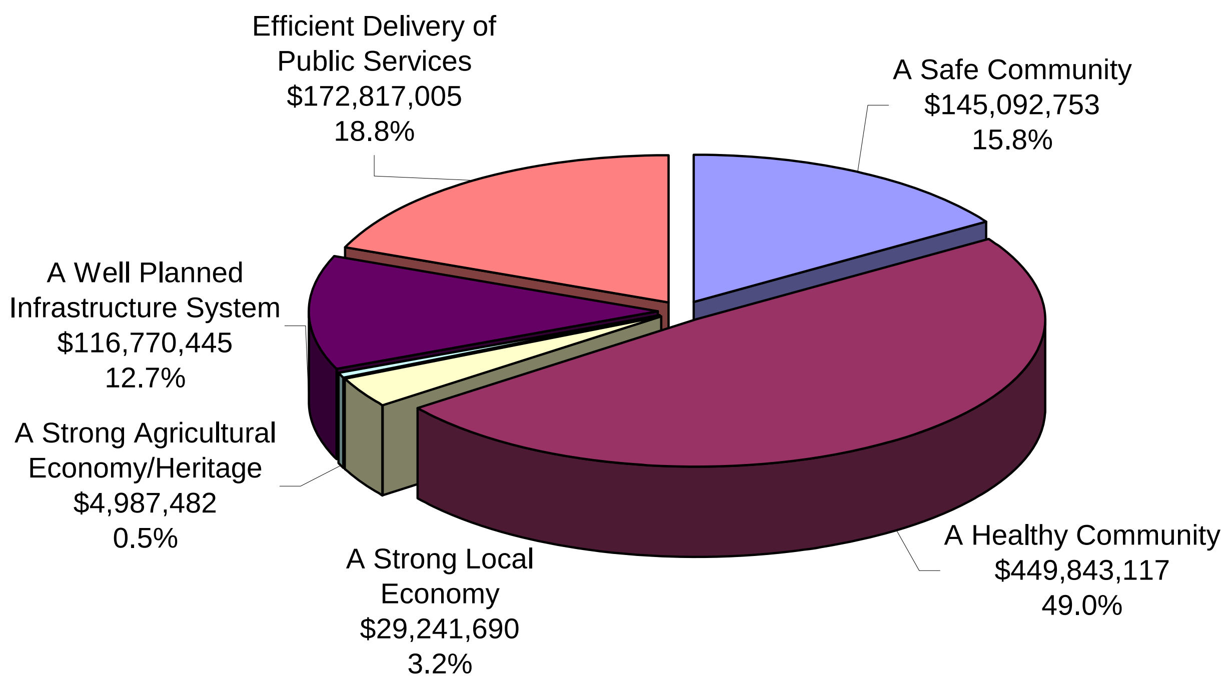
Summary

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 using 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 Adopted Final Budget. The Adopted Final Budget for Fiscal Year 2010-2011 included $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 third quarter point in the fiscal year, funds brought forward from the previous fiscal year along with first quarter, mid-year and Board of Supervisors approved adjustments during this current fiscal year result in an adjusted budget. These actions are summarized below.

Overall Summary of First Quarter and Mid-Year Adjustments--

The 2010-2011 First Quarter Financial Report presented on November 2, 2010 included a fiscal review of department budgets and reflected minor recommended adjustments resulting in little change to the County's spending plan. The Chief Executive Office recommended approval of all requested first quarter adjustments as they were funded by non-general fund sources. The recommendations decreased appropriations by $31,370 and estimated revenue by $108,552 resulting in an increase in the use of fund balance/retained earnings of $77,182.

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, appropriations were increased $53,000 to fund six months of the Salida substation lease costs funded by departmental fund balance. This funding was aligned to the actual start date of the Day Reporting Center, a collaboration between the Sheriff's Department and Probation Department. In the General Services

Agency, a restructuring of the Central Services Division was implemented. The restructuring included the elimination of print services as a support function provided to County departments. The Department also implemented an Electronic Data Management (EDM) Program as a new core function of the warehouse/salvage unit. This 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.

The 2010-2011 Mid-Year Financial Report presented on March 1, 2011 included a fiscal review of departmental budgets, reflected recommended adjustments and a cash analysis, by fund, at mid-year. The Chief Executive Office's mid-year recommendations included an overall increase in appropriations of $1,075,403, an increase in estimated revenue of $665,103 (including County Match), which resulted in an increased use of $410,300 in fund balance/retained earnings. Also recommended were transfers from Appropriations for Contingencies totaling $3,973 to fund the Civil Grand Jury.

The most substantial recommended changes were primarily within the Alliance Worknet and the Community Services Agency. Also approved were other adjustments within Behavioral Health and Recovery Services, Health Services Agency, Planning and Community Development, Public Defender, and the Sheriff's Department. In Alliance Worknet, appropriations and estimated revenue were increased $1,927,497 for the StanWORKs program to reflect an increase in State and Federal funding to the Community Services Agency. In the Community Services Agency, appropriations and estimated revenue were decreased $2,981,120 and $3,235,609 attributable to a decrease in caseload and funding in the Child Care Stages program. Also approved as part of the Mid-Year Financial Report were adjustments in Behavioral Health and Recovery Services for the Children's System of Care program; in Health Services Agency for uncompensated emergency medical services payments; in Planning and Community Development for a transfer into Redevelopment Agency Housing Set Aside; in the Public Defender from Indigent Defense and in the Sheriff's Department for Contract Cities (Riverbank, Hughson and Waterford).

As part of the Mid-Year Financial Report, discretionary revenue projections were re-evaluated and 28.3% had posted to the General Fund discretionary revenue accounts that were within the common range when assessing the year-end position. As such, there was no adjustment as part of the mid-year review since projected revenue was only marginally higher than the final budgeted amount.

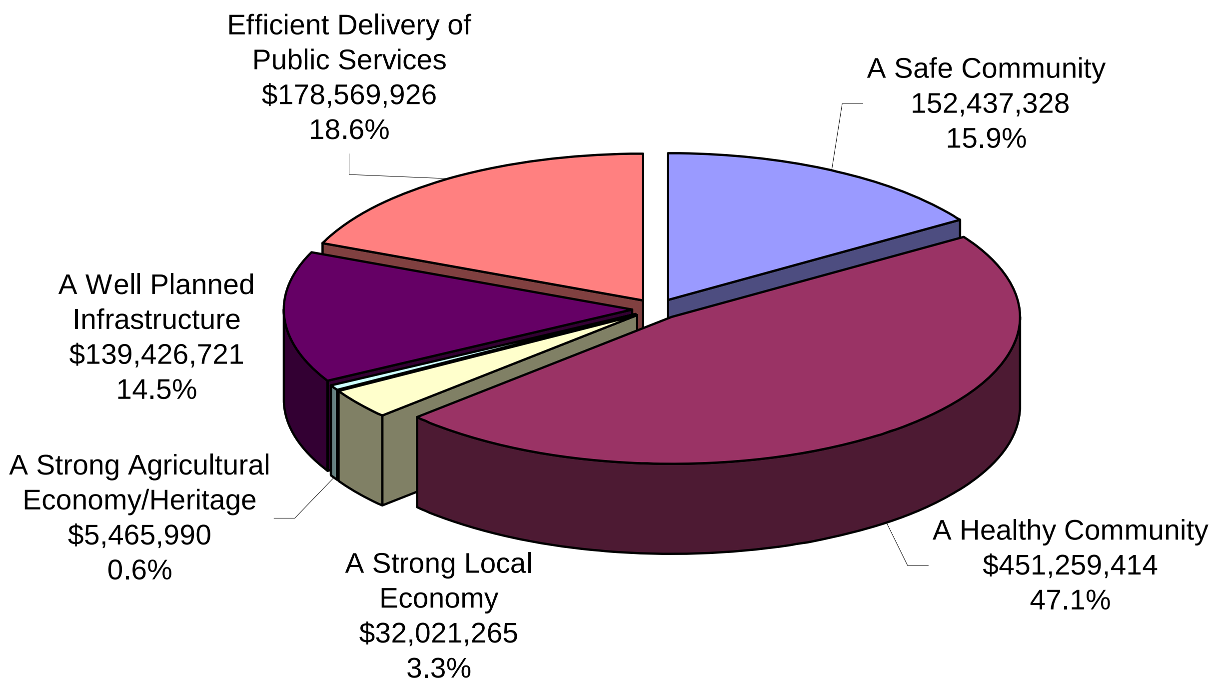
Summary of Budget Adjustments

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 is assigned by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through the First Quarter and Mid-Year Financial Reports or in separate Board of Supervisors action agenda items. The sum of these adjustments through March 31, 2011 total $40,428,152. This reflects $26,453,442 in funding that was carried forward and $13,974,710 in budget adjustments approved by the Board of Supervisors in the current fiscal year through March 2011.

The result of these adjustments made prior to the third quarter review increased the total County budget to $959 million in available spending authority in the current fiscal year.

The following chart reflects the adjusted budget by Board of Supervisors priority as of March 31, 2011:

Fiscal Year 2010-2011 Adjusted Budget
Expenditure by Board Priority
$959,180,644 as of March 31, 2011



Overall Summary of Requested Third Quarter Adjustments

The 2010-2011 Third Quarter Financial Report reflects recommended adjustments, and a fiscal review of departmental budgets:

- Departments requested a total of $ 17.8 million in net increase to the current year spending plan;

- The Chief Executive Office's third quarter recommendations include a total increase in appropriations of $17.604,152 million funded by increased revenue and the use of fund balance/retained earnings. While individual budgets may have decreased revenue, the recommendations include an overall increase in estimated revenue of $10,918,644, including County Match, resulting in an increased use of fund balance/retained earnings of $6,685,508; and

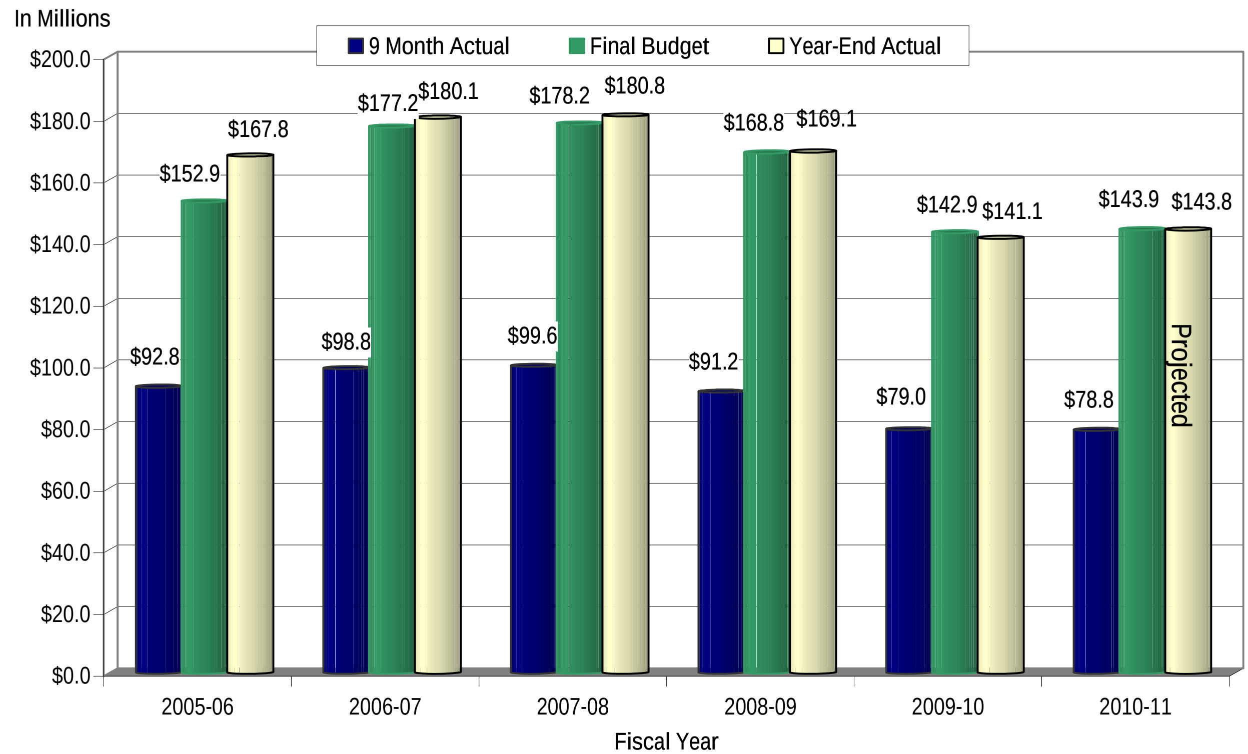
- Also recommended are transfers from Appropriations for Contingencies totaling $122,085 to fully fund the County's obligation under the North McHenry Revenue sharing agreement with the City of Modesto and an increase in the Civil Grand Jury fees.

GENERAL FUND UPDATE

Discretionary Revenue

As of the end of third quarter, actual discretionary revenue was $78.8 million compared to $79 million for the same time period one year ago. This amount represents 54.8% of the Fiscal Year 2010-2011 Final Budget. Typically, discretionary revenue at this point of the fiscal year ranges from 54% to 60.7% of the Final Budget and from 53.9% to 56% of total year actual collections when looking at the prior five years. This comparison indicates that discretionary revenue is within the typical range when comparing to both budget and actual year-end collections. The following chart reflects a comparison over a six-year period of third quarter activity:

General Fund—Discretionary Revenue Six Year Comparison



Projected revenue for year-end, at $143.8 million, is slightly less than the $144.2 million mid-year projection and marginally lower than the final budgeted amount of $143.9 million. Interest earned on the County's pooled cash is coming in weaker than anticipated at mid-year and is the primary reason for the difference in mid-year and third quarter projections. One of the few bright spots among discretionary sources is the gradual increase in sales tax collections. Primarily, gains in the ½% statewide Public Safety sales tax pool (Proposition 172) have mitigated some of the weaker discretionary sources. Currently there is no reason to recommend an adjustment to discretionary revenue with this Third Quarter Report.

Discretionary Revenue Description	Fiscal Year 2010-2011 Final Budget	Mid-Year 2010-2011 Projections	3rd Quarter 2010-2011 Projections	Difference between Mid-Year & 3rd Q Projections
Taxes	$ 101,593,000	$ 101,063,034	$ 101,057,034	$ (6,000)
Licenses, Permits & Franchises	957,000	957,000	957,000	-
Fines, Forfeitures & Penalties	6,425,000	6,100,000	6,100,000	-
Revenue from Use of Money	2,542,000	2,809,220	1,531,000	(1,278,220)
Intergovernmental Revenue	30,371,000	30,474,148	31,465,280	991,132
Charges for Services	(454,000)	(454,000)	(428,587)	25,413
Miscellaneous Revenues	166,000	166,000	125,343	(40,657)
Other Financing Sources	2,308,000	3,051,111	3,051,111	-
Total	$ 143,908,000	$ 144,166,513	$ 143,858,181	$ (308,332)

General Fund – Classification of Fund Balance

The fund balance of the General Fund is separated into five classifications: Non-spendable, Restricted, Committed, Assigned and Unassigned. Non-spendable, Restricted and Committed are the most restrictive classifications and are legally or contractually obligated portions of fund balance. Unassigned is the least restrictive category 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.

Aside from changes to the Non-spendable classification for fair value adjustment and prepaid items, $36,715 from the Contingencies account of the Assigned fund balance was used in the current year as part of an approved action item from July 10, 2007. This item authorizes incremental transfers of contingency funds to Stanislaus Regional 911 as a loan for the project costs associated with the purchase and implementation of the new Computer Aided Dispatch (CAD) system. The loan is to be paid back to the County over a five-year period at 5% simple interest once the project is completed.

At Mid-Year the Board of Supervisors authorized the use of up to $112,633 of Committed funds for use by the Public Defender's office to reimburse costs associated with a change of venue capital murder trial. The Board had previously authorized the commitment of funds for this trial upon approval of the Fiscal Year 2009-2010 Final Budget.

Including the recommendations made in the Third Quarter Report, the adjusted General Fund budget would stand at $247,686,411 with offsetting revenue of $223,599,548, a shortfall of $24,086,863. Several of the Assigned fund balance accounts are used in the balancing of the 2010-2011 budget and the Chief Executive Office will authorize re-assignment as necessary as year-end approaches. Following is a summary of the fund balance through March 31, 2011, with a detail of the accounts used in balancing the General Fund.

	2010-2011 Final Budget Fund Balance Classification	Adjustments as of 03/31/2011	2010-2011 Fund Balance Classification at 03/31/2011	2010-2011 Budget balancing strategies	Projected Fund Balance as of June 30, 2011
Fund Balance - Nonspendable:					
Fund 100 - Fair value adjustment	807,992	55	808,047	-	808,047
Fund 105 - Fair value adjustment	13,578	-	13,578	-	13,578
Fund 107 - Fair value adjustment	11,997	-	11,997	-	11,997
Imprest Cash	91,845	-	91,845	-	91,845
Advances to other funds	500,000	-	500,000	-	500,000
Advances to other governments	311,239	-	311,239	-	311,239
Economic Development advances	3,454,115	-	3,454,115	-	3,454,115
Teeter receivable	22,233,301	-	22,233,301	-	22,233,301
Deposits with others	10,000	-	10,000	-	10,000
Prepaid items	220,925	(220,925)	-	-	-
Sub-total	$ 27,654,992	$ (220,870)	$ 27,434,122	$ -	$ 27,434,122
Fund Balance - Restricted:					
Tax Loss Reserve	4,169,660	-	4,169,660	-	4,169,660
Sub-total	$ 4,169,660	$ -	$ 4,169,660	$ -	$ 4,169,660
Fund Balance - Committed:					
Various Programs and Projects	6,138,282	-	6,138,282	(112,633)	6,025,649
Capital Acquisition	1,300,000	-	1,300,000	-	1,300,000
Sub-total	$ 7,438,282	$ -	$ 7,438,282	$ (112,633)	$ 13,351,298
Fund Balance - Assigned:					
Contingencies	4,091,493	(36,715)	4,054,778	-	4,054,778
Tobacco Settlement and Securitization	1,876,351		1,876,351	-	1,876,351
Retirement Obligation	2,000,000	-	2,000,000	-	2,000,000
Teeter Plan	20,055,050	-	20,055,050	-	20,055,050
Carryover Appropriations (100)	1,949,064	-	1,949,064	(1,949,064)	-
Carryover Appropriations (105)	23,060	-	23,060	(23,060)	-
Carryover Appropriations (107)	171,800	-	171,800	(171,800)	-
75% Carryover Appropriations (100)	4,879,112	-	4,879,112	(4,879,112)	-
Encumbrances	1,261,520	-	1,261,520	(1,261,520)	-
Encumbrances-Econ Development	1,395,679	-	1,395,679	-	1,395,679
Debt Service	10,950,000	-	10,950,000	-	10,950,000
Budget Balancing	15,643,578	-	15,643,578	(15,643,578)	-
Sub-total	$ 64,296,707	$ (36,715)	$ 64,259,992	$ (23,928,134)	$ 40,331,858
Fund Balance - Unassigned					
General Fund (100)	1,134,445	257,585	1,392,030	24,040,767	1,233,301
Economic Development Bank (105)	329,809	-	329,809	-	329,809
Community Development Bank (107)	1,392,558	-	1,392,558	-	1,392,558
Sub-total	$ 2,856,812	$ 257,585	$ 3,114,397	$ 24,040,767	$ 2,955,668
Total Fund Balance	$ 106,416,453	$ -	$ 106,416,453	$ -	$ 88,242,606

CURRENT ISSUES/CHALLENGES

State Budget Update

The budget environment in the State of California continues to be extremely volatile. Local impacts of State budget actions, or inaction, are still difficult to measure although some can be quantified.

Governor Jerry Brown has attacked a $26.6 billion budget deficit for Budget Years 2010-2011 and 2011-2012 and has reduced the deficit more than $11 billion through approved budget actions. A $15.4 billion budget deficit remains. The Governor continues to pursue an initiative process that would allow State of California voters to weigh in on tax extensions for Vehicle License Fees (VLF), income and sales taxes, which would account for more than $12 billion in revenue solutions to the budget gap.

So far, the Governor has been unable to gain his desired 2/3 majority vote in the legislature to allow the taxes to go on the State ballot in June. It is the current sentiment that the June deadline has been missed. The Governor has stated he is pursuing alternative options to the initiative, although the idea of a "vote of the people" has not been totally discarded.

Governor Brown is pursuing options including: an "all cuts" budget to make up for the remaining deficit in the absence of revenues; and, signing legislation that directly extends taxes on a temporary basis, then calling for a special election for voters to decide if they want to extend the taxes.

Brown signed 13 budget bills on March 24 which included $8.2 billion in cuts, $300 million in revenues and $2.6 billion in internal borrowing. He also signed AB 109, public safety realignment, on April 5. The bill makes fundamental changes to California's correctional system and realigns certain responsibilities for lower level offenders, adult parolees and juvenile offenders from state to local jurisdictions.

It is thought that Brown will need to issue a "May Revise" budget to reveal how he will balance the remainder of the State deficit, although he could choose to do so earlier.

Budget Year 2011-2012 Anticipated or Potential Impacts to Stanislaus County

Major impacts of the enacted budget strategies in Sacramento and/or loss of VLF and funding from tax extensions are projected for the following areas:

Sheriff's Department

Sheriff's Department staff anticipate a loss of more than $800,000 in COPS funding as a result of the sunset of taxes on June 31, 2011. Losses are anticipated of at least $550,000 in booking fees (possibly as high as $750,000) and revenue loss for programs funded by CalEMA are anticipated to be more than $755,000.

Probation

The Probation Department will be affected negatively if there is no extension of the VLF devoted to public safety. This loss represents approximately $650,000 to the Juvenile Hall and $1.2 million to Field Services. The Field Services revenue supports small caseload supervision of juvenile high-risk offenders. The

Juvenile Hall revenue supports ongoing operational costs and programs for detained juveniles. In both cases, loss of this revenue will force potential reductions in service levels.

District Attorney

District Attorney staff indicate they could lose approximately $400,000 between the Supplemental Law Enforcement Services Fund (SLESF) ($100,000) and the Vertical Prosecution Block grant ($300,000). SLESF funds staff in the investigations department and Vertical Prosecution funds portions of two attorneys and one investigator, who were assigned to Major Narcotic Vendors and Career Criminal prosecution, as well as investigation of child abuse.

Children and Families Commission

The State will begin diverting an estimated $8.5 million of the Children and Families Commission's reserves to the State General Fund in Budget Year 2011-2012. This reflects approximately 60% of the Commission's anticipated June 30, 2011 fund balance. The Commission plans to use its remaining fund balance after the transfer to maintain its current community support and funding through the 2011-2012 Budget Year. However, on July 1, 2012, the Commission's community support and funding will have to be significantly reduced by approximately 50%.

Community Services Agency

There is an anticipated decrease in revenue of at least $8.9 million for the Community Services Agency. Impacts from the State actions include: the CalWORKs Single allocation reduction of $2 million; CalWORKs Assistance reduction of $6.4 million; and a reduction in Child Care of $500,000. General Assistance could be reduced approximately $100,000 at the discretion of the Board of Supervisors. These revenue reductions do not correspond to an equal increased need in General Fund appropriations to supplant the revenue losses. Most of the revenue loss will appear as lower cash grants to program recipients. It is anticipated there will be an increased need for County Share Match contribution of at least $136,863 as a result of these changes. Several changes are proposed to create savings in the In Home Supportive Services program that require case specific review and action; impact estimates are pending Federal approval and State instructions.

Clerk Recorder/Registrar of Voters

There are $548,932 in outstanding mandate reimbursement (SB-90) claims from Fiscal Year 2009-2010 that are being deferred and may not be reimbursed because of budget actions at the State. Discontinued mandate reimbursement also includes Vote-By-Mail postage reimbursement which is at risk.

Health Services Agency

The Health Services Agency estimates a $157,000 revenue loss as a result of the Medi-Cal Fee for Service provider payment changes. This is for Fee for Service visits only at the Specialty and Rehab Clinics. There will be a reduction in the payments to Medi-Cal Managed care plans based on an actuarial adjustment. If this equates to a 10% reduction that is passed on to the providers, the loss for Specialty and Rehab revenue will be around $115,000 for Budget Year 2011-2012.

Staff from all departments will continue to closely monitor State budget impacts as they can be identified.

Funding for Social Services and Health Care Programs

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 Mid-Year 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. At this time, the Department has completed a thorough review of the CSA – In-Home Supportive Service (IHSS) Provider Wages budget. Based on current projections, the Department anticipates fully funding this program through fiscal year-end, using one-time departmental fund balance to ensure no additional county match is required. It is projected that the IHSS program will have a General Fund shortfall of $2.1 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. The existing Memorandum of Understanding between the IHSS Public Authority and the United Domestic Workers of America expired on September 30, 2010; however, a tentative agreement was reached on March 24, 2011, that will be brought to the Board of Supervisors sitting as the Public Authority, for approval in the near future.

The Health Services Agency continues to face funding challenges in its Clinics and Ancillary Services Division. As part of the 2010-2011 Adopted 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. Litigation continues on patient liability/share of cost issues. The Department recently completed a local cost of living study that was presented to the Board as part of a public hearing conducted on April 5, 2011. The Health Services Agency is requesting to use previous years' one-time savings in the HSA Clinics and Ancillary Services budget to fund the 2010-2011 projected deficit in the Agency's IHCP Program. Regardless of the funding levels, MIA services are mandated and the County is required to provide or arrange for the provision of medical services for the indigent residents of the County. There is no new external revenue anticipated to offset these costs in Budget Year 2011-2012, therefore, the Department anticipates an exposure of over $2.9 million.

General Liability and Self-Insurance Funds

Charges to departments in Budget Year 2011-2012 have increased for both unemployment and general liability. Unemployment charges are $350 per employee, compared to $325 in Fiscal Year 2010-2011. The claims have grown in the last two fiscal years due primarily to the locally-funded Federal extensions and additional claimants due to reductions-in-force. This budget fully funds claims for a maximum of 26 weeks and any extended benefits pursuant to Federal law. In addition, costs for the General Liability Self-Insurance Fund have increased from $2.3 million in Fiscal Year 2007-2008 to a projected $4.7 million in Fiscal Year 2010-2011. This is due to the increased number and severity of the cases brought against the County in these last three years. At the end of Fiscal Year 2009-2010, an accounting adjustment was made to this fund that increased its liability by $2.8 million. This adjustment was made based on an annual actuarial review of the fund and a projection of current and future liabilities as of June 30, 2010. This, in turn, decreased the fund's retained earnings balance, which is often used to fund costs that are not directly offset by revenue. The result of this adjustment was that the fund ended the year in a retained earnings deficit of $2.2 million. Costs for several significant litigated cases are also included in the estimated Budget Year 2011-2012; however, it is uncertain whether the amount of this funding will be sufficient for those cases during the fiscal year. This budget will be monitored closely throughout the year and returned to the Board should additional appropriations be required.

Retirement 2011-2012

On March 22, 2011 the Stanislaus County Employees Retirement Association Board (StanCERA) authorized the transfer of $12.6 million from non-valuation reserves to offset a portion of the County's retirement costs for the 2011-2012 Budget Year, however, significant exposure remains with projected retirement rate increases in Budget Year 2012-2013 and beyond.

On December 21, 2010, the Board of Supervisors approved a modification of retirement benefits for certain employees, reducing benefit levels 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). The December 21, 2010 Board action affected employees hired after December 31, 2010 in unrepresented classifications and 10 of the 15 County bargaining units. On April 26, 2011 the Board took action to approve the placement of the balance of the County bargaining units into the reduced Tier 2 benefit formula, again affecting only employees hired after December 31, 2010. This will result in long-term retirement cost savings to the County.

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

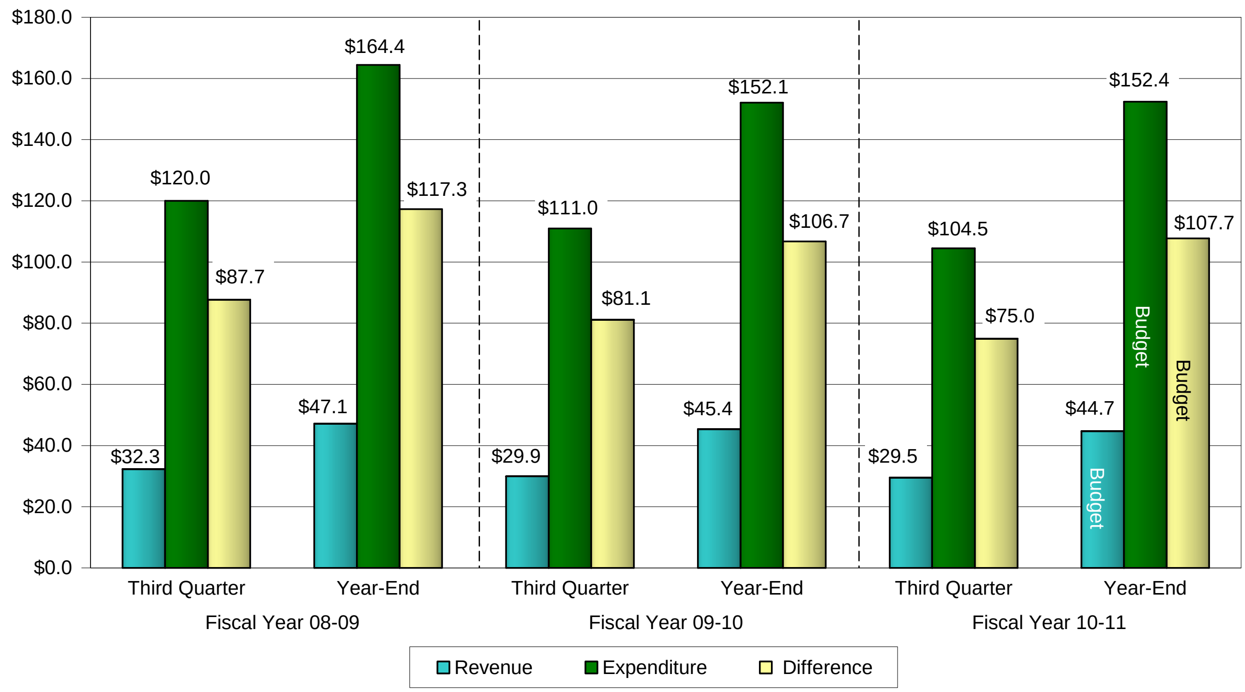
Ensuring a safe community and protecting the safety of the residents of Stanislaus County continues to be a top priority of the Board of Supervisors. Departments assigned to the Board of Supervisors priority area of A Safe Community include: Chief Executive Office - Office of Emergency Services/Fire 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 March 31, 2011, actual revenue collected is $29.5 million, which represents 65.7% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior two years when collections were at 68.9% and 65.9% of the final actual revenue. As of March 31, 2011, expenditures are $104.5 million, representing 68.5% of the budgeted appropriations. Expenditures at the third quarter point of the prior two years were 73% of the final actual expenditures, placing this year below the range.

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

A Safe Community
Three Year Comparison



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

- Sheriff – An overall decrease of approximately $238,000 in revenue due to a delay in the receipt of State funding. Expenditure decreases of $5.3 million are primarily due to reductions in force in September 2009, June 2010 and January 2011, resulting in decreased salary and benefits costs;

- District Attorney – Criminal Division – An overall decrease in expenditures of approximately $800,000 due primarily to staffing vacancies, resulting in decreased salary and benefits costs.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

CHIEF EXECUTIVE OFFICE—CRIMINAL JUSTICE FACILITIES FUND

On December 21, 2010 the Board of Supervisors approved the financing for the Juvenile Commitment Center. Part of the financing included a cash transfer from the Criminal Justice Facilities Fund budget of $2,732,528. At the time the financing was approved a request was not made to increase appropriations in the Criminal Justice Facilities Fund budget to account for the transfer of cash. It is requested that appropriations in operating transfers out be increased by $2,732,528.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Criminal Justice Facilities Fund	$2,732,528	$0	$2,732,528	Increase appropriations in Operating Transfers Out by $2,732,528 funded from Fund Balance.
Total	$2,732,528	$0	$2,732,528	

Summary of Recommendations: It is recommended to increase appropriations by $2,732,528 in Operating Transfers Out funded from fund balance.

COUNTY COURT FUNDING

The County Court Funding budget is requesting an increase in both appropriations and estimated revenue in an amount of up to $105,000 as needed by the end of the fiscal year. Revenue received from court fines and penalties is coming in much stronger than anticipated when the budget was established. A portion of this revenue is added to the base maintenance-of-effort (MOE) payment due to the State at year-end; as revenue from fines and penalties increases so does the MOE expenditure. The additional revenue is more than adequate to cover the increased expenditure and there will be no cost to the General Fund.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
County Court Funding	$105,000	$105,000	$0	Increase appropriations and estimated revenue up to a maximum of $105,000 as needed at year end to cover increased State maintenance of effort costs.
Total	$105,000	$105,000	$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by up to $105,000 as needed at year end to cover increased State maintenance of effort costs.

GRAND JURY

As part of the mid-year financial review process, it was determined that the department would not be able to cover civil grand jury fees through June 30, 2011. At that time, the estimated deficit was projected at $3,973. The Board approved an increase in appropriations of $3,973 funded by Appropriations for Contingencies as part of the 2010-2011 Mid-Year Financial Report.

The Grand Jury's meeting requirement for the third quarter 2010-2011 was significantly higher than previous quarters. As of March 31, the Grand Jury will have expended $6,600 for fees reimbursement. Additionally, on the calendar for April, May and June, jurors have scheduled 15 more meetings at a projected cost of $3,342. The result is a projected negative year-end balance of $1,553, which could increase up to $4,500 if the Grand Jury were to schedule additional meetings. The Department does not have control over how frequently the Grand Jury meets and often as the end of the fiscal year approaches the Grand Jury will meet more frequently as they begin to finalize the Grand Jury Report.

The Department is requesting a budget adjustment of up to $4,500 funded from Appropriations for Contingencies. The Department does not anticipate year-end savings to offset the projected deficit. Only those monies necessary to ensure that Civil Grand Jury fees are paid will be transferred.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Grand Jury	$4,500	$0	$4,500	Increase appropriations up to $4,500 to fund civil grand jury fees for the 4th quarter of Fiscal Year 2010-2011, funded by a transfer from Appropriations for Contingencies.
Total	$4,500	$0	$4,500	

Summary of Recommendations: It is recommended to increase appropriations by up to $4,500 to fund Civil Grand Jury Fees from a transfer from Appropriations for Contingencies.

INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM

The Integrated Criminal Justice Information System (ICJIS) program is a collection of internally generated software applications that support local criminal justice departments. As of April 1st the ICJIS budget is in alignment with original expenditure projections. However, due to new accounting requirements from the Government Accounting Standards Board (GASB51) for the reporting of “Intangible Assets” the value of ICJIS must now be reported and accounted for. Staff from the Auditor-Controller and Chief Executive Office have worked together to define the value of the ICJIS program at approximately $2.7 million with a useful life of 10 years. To account for the first year of depreciation it is requested to increase appropriations by $270,460 in the ICJIS budget.

There is no overall net effect to the budget. The depreciation is offset by the asset recorded value via the “Net Assets” fund balance. This new depreciation requirement will be accounted for in the Budget Year 2011-2012 Proposed Budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Integrated Criminal Justice Information System	$270,460	$0	$270,460	Increase appropriations by $270,460 to account for the depreciation of the ICJIS program as an intangible asset, funded by Net Assets fund balance.
Total	$270,460	$0	$270,460	

Summary of Recommendations: It is recommended to increase appropriations by $270,460 to account for the depreciation of the ICJIS program as an intangible asset as required by GASB51, funded by Net Assets fund balance.

SHERIFF

Contract Cities: The Sheriff's Department is requesting an increase of $35,000 in both appropriations and estimated revenue in the Contract Cities budget. This increase will allow the City of Patterson to replace an existing Honda ST1300PA6 police motorcycle originally purchased in 2006 through a grant from the Office of Traffic Safety (OTS). The City of Patterson modified the Memorandum of Understanding between the City and the Sheriff's Department on March 15, 2011 to fund 100% of the purchase price and operational costs of the new motorcycle. Previously the costs were split 75% to the City of Patterson and 25% to the Sheriff's Department. The 2006 motorcycle will be sold by County-Fleet Services and any proceeds from the sale will be distributed between the City of Patterson (75%) and the Sheriff's Department (25%). There will be no cost to the General Fund for the purchase of the replacement motorcycle.

Detention / Civil Process Fees: The Department is requesting an increase of $25,000 in fixed asset appropriations and estimated revenue in the Civil Division of the Detention budget. The Civil Division provides timely and accurate civil process service to the citizens of the County and provides statewide transportation of inmates sentenced to State prison as well as State prisoners returning to court for active criminal cases. Due to the travel demands the Division plans to purchase an additional vehicle. The purchase will be funded by a $25,000 transfer of fund balance from the Civil Process Fees special revenue budget. There will be no cost to the General Fund for this purchase.

The Civil Process Fees special revenue budget requires an increase of $25,000 in appropriations in order to complete the transfer of fund balance to the Detention budget unit to fund the vehicle purchase. The projected cash balance at June 30, 2011 in the Civil Process Fees fund is anticipated to be $964,700. This fund is mandated by Government Code section 26720-26751 and is being used solely for technical equipment and vehicles for the Civil Division. Revenue is generated through the process and service of court documents.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Contract Cities	$35,000	$35,000	$0	Increase Fixed Asset appropriations and estimated revenue for City of Patterson motorcycle replacement. Fully funded by City.
Detention	$25,000	$25,000	$0	Increase Fixed Asset appropriations and estimated revenue for vehicle purchase for Civil division. Revenue will be transferred from Civil Process Fees special revenue fund.
Civil Process Fees	$25,000	$0	$25,000	Transfer Fund Balance from Civil Process Fees to Detention for vehicle purchase in Civil division.
Total	$85,000	$60,000	$25,000	

Staffing Requests: The Department is requesting to unfund one vacant Storekeeper II position. Funding for this position is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy. The Department is also requesting to transfer one Deputy Sheriff position from Operations to Administration and to transfer one Sergeant position from Cal-MMET to Operations. This technical adjustment will align the positions with current job assignments.

SHERIFF DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Inmate Welfare	-1	3364	Storekeeper II	Unfund vacancy	Unfund vacant position
Sheriff Changes					
Beginning Allocation	509				
Changes in Allocation	-1				
Ending Allocation	508				

SHERIFF DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations	-1	6649	Deputy Sheriff	Transfer out	Transfer to Administration
Cal-MMET	-1	10223	Sergeant	Transfer out	Transfer to Operations

Summary of Recommendations: It is recommended to increase appropriations by $85,000 and estimated revenue by $60,000 to purchase a replacement motorcycle for the City of Patterson and to purchase a vehicle for the Detention Civil Division, funded by department revenue and fund balance. It is further recommended the staffing changes described and outlined in the table above be adopted.

STANISLAUS REGIONAL 911

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

STANISLAUS REGIONAL 9-1-1 DEPARTMENT STAFFING REQUESTS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Stanislaus Regional 9-1-1	-2	2342, 2345	Emergency Dispatcher	Unfund vacancies	Unfund vacant positions
SR911 CHANGES	-2				
BEGINNING ALLOCATION	55				
CHANGES IN ALLOCATION	-2				
ENDING ALLOCATION	53				

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

SUMMARY

Overall, appropriations and estimated revenue for A Safe Community are recommended to increase by $3,197,488 and $165,000 respectively. This is funded by the use of $3,032,488 in fund balance and a transfer of up to $4,500 from Appropriations for Contingencies.

A Healthy Community

COUNTY DEPARTMENTS

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

A Healthy Community

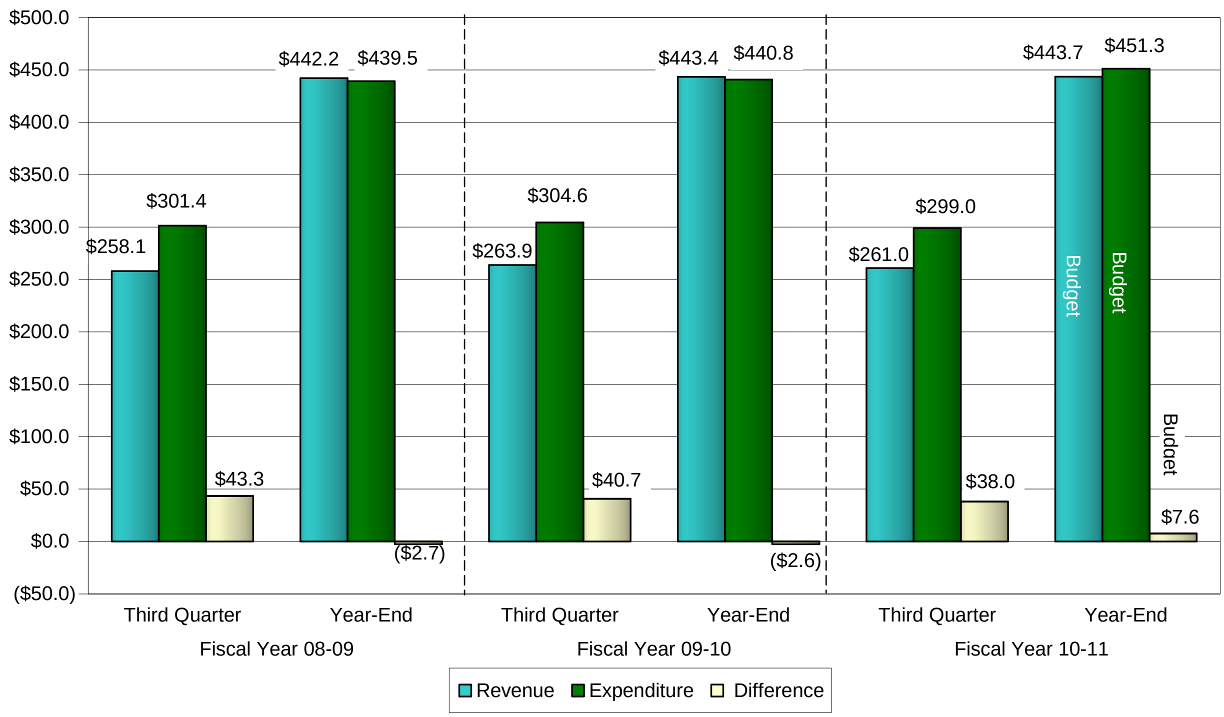
OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community as of March 31, 2011, actual revenue is $261 million, which represents 58.8% of the estimated annual revenue. This is within the range when compared to the third quarter point of the prior two years when collections were 58.4% and 59.5% of the final actual revenue. As of March 31, 2011, expenditures are $299 million, representing 66.3% of the budgeted appropriations. Expenditures at the third quarter point of the two prior years were 68.6% and 69.1% of the final annual expenditures, placing this year's expenditures below the range.

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



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

- Behavioral Health and Recovery Services – An increase in revenue of $818,000 in the Mental Health Services Act budget primarily as a result of receipt of funding for Technological Needs, recognition of Prevention and Early Intervention program dollars unspent in the prior year, and an increase in expenditures of $1.5 million primarily as a result of the start up of the new Technological Needs component and full implementation of the Prevention and Early Intervention component of the Mental Health Services Act plan;

- Children and Families Commission – A decrease of $578,276 in revenue and $859,541 in expenditures is primarily due to declining tobacco tax revenue, decreased fund balance resulting in a lower rate of return on invested funds and the end of matching program revenue from First 5 California. The department has decreased expenses to stabilize expenditures and in preparation of the adoption of AB 99 which will sweep more than 50% of the Commission's reserves in 2011-2012;

- Child Support Services – A decrease of $830,000 in revenue and $763,000 in expenditures is primarily a result of a decrease in salary costs. The Department receives revenue from the State as a reimbursement of actual expenses. The Department has significantly decreased expenses through salary reductions and unfilled vacant positions;

- Health Services Agency – Clinic and Ancillary Services – An increase in revenue of $1.8 million primarily as a result of timing of receipt of Federal reimbursements, resulting from the Federally Qualified Health Centers Look-Alike designation. Additionally, a decrease in expenses of $2.2 million primarily as a result of the transfer of the Family Medicine Residency Program to the Valley Consortium for Medical Education in June, 2010; and

- Health Services Agency – Public Health – a decrease in expenditures of $1.2 million primarily due to employee retirements and the implementation of the 5% Countywide furlough pay deduction.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

AREA AGENCY ON AGING / VETERANS' SERVICES

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

As part of the Third Quarter Financial Report, the Department is requesting to increase appropriations and estimated revenue by $181,832 due to additional federal One-Time Only (OTO) and 2-Medicare Improvements for Patients and Providers (2MIPPA) funds for Fiscal Year 2010-2011. This additional revenue can be used for one-time-only projects or for program- related expenses. Consequently, $128,199 of this funding will go to the contracting service providers to provide additional senior services. The remaining $53,633 will be used for the following direct services: $15,315 of 2MIPPA funds will be used to increase outreach for the Health Insurance Counseling and Advocacy Program (HICAP), $21,548 for Title III-B programs, which include Information and Assistance and the Friendly Visitor Programs, and $16,770 for Title III-E Family Caregiver Program.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Area Agency on Aging	$181,832	$181,832	$0	Additional One-Time Only (OTO) and 2-Medicare Improvements for Patients and Providers (2MIPPA) funds for Fiscal Year 2010-2011.
Total	$181,832	$181,832	$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $181,832, as a result of additional Federal funding for senior services.

CHILD SUPPORT SERVICES

The Department of Child Support Services (DCSS) budget is projected to end the fiscal year within budgeted appropriations and estimated revenue. The Department is requesting to transfer $400,000 from its departmental contingency account in order to fund several critically important performance improvement projects.

The departmental contingency account was established during the preparation of Proposed Budget for Fiscal Year 2010-2011 to fund emergency repairs for the building's Heating, Ventilation and Air Conditioning (HVAC) system. Replacement of the HVAC system is still needed and staff continue to evaluate repair and replacement options at the CSF Facility; however, other funding will be used. A core team from the CEO, CEO Capital Projects, GSA and tenants of the facility are currently evaluating phasing and financing options to address the current and future system needs.

Two important projects to improve performance measures are proposed. The projects dedicate $300,000 toward a joint effort with the Stanislaus County Department of Probation and $100,000 for DCSS overtime expenses for support orders. The DCSS-Probation project is a $300,000 partnership effort to address nearly 1,400 probationers that have not fulfilled their child support obligations. Probation staff will work with DCSS staff on shared participant cases in which individuals under the jurisdiction of the Stanislaus County Probation Department have violated their court order by failing to pay their mandated child support. Probation staff will provide DCSS with new demographic information and/or employer information related to probationers with child support cases; refer probationers to DCSS to address case negotiation opportunities; and perform other duties related to the administration of the IV-D program for the purposes of increasing collections on child support obligations and increasing program performance.

The overtime project will be directed toward the more than 4,400 support orders that have not been obtained by DCSS staff. The overtime project does not use General Fund dollars. Support orders are one of the five Federal Performance Measures on which the Department is ranked statewide. The Stanislaus County statewide ranking on support orders has fallen from 34th in Federal Fiscal Year 2008 to 40th in Federal Fiscal Year 2010. Although improvements have been made recently at the local level, these gains have not been sufficient to maintain the Stanislaus County ranking in comparison to higher performing counties. County child support agencies with results in the bottom quartile (40th to 52nd) are placed in a corrective action plan and are placed under closer State scrutiny. The focus of the proposed overtime project is on those cases that will improve the Department's statewide ranking, thereby preventing further declines in performance and avoiding possible corrective action. The local impact of this project will be ongoing future collections for the children whose cases will be added into the system.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Child Support Services	($400,000)	$0	($400,000)	Transfer appropriations from departmental contingency account to fund program performance improvement projects.
Child Support Services	$100,000	$0	$100,000	Increase appropriations to fund overtime performance improvement project to increase support orders.
Child Support Services	$300,000	$0	$300,000	Increase appropriations to fund Probation Department performance improvement project.
Total	$0	$0	$0	

Summary of Recommendations: It is recommended to transfer $400,000 from the Departmental contingency account to fund the two performance improvement projects highlighted above.

COMMUNITY SERVICES AGENCY

The Community Services Agency (CSA) continues to see increases in General Assistance and cash aid caseloads, a direct result of the economic downturn and high unemployment rate that continues to persist. As of third quarter, the Department has experienced significant growth in the number of customers receiving CalFresh Food Stamps, up 15% over the last fiscal year. CSA has also experienced growth of 4.5% in the CalWORKs Cash Assistance program, and approximately 2% growth in the Medi-Cal program. Within the In-Home Supportive Services program, there has been a leveling off and slight decline in the number of customers, however, many of the remaining cases may have higher hourly service needs that have offset any cost savings.

A detailed analysis of realignment revenue trends was completed throughout the third quarter review process. No changes have been recommended to the realignment funds forecast at this time. Sales tax receipts which contribute to social services realignment fluctuate greatly from month to month and have been on a steady decline over the past five fiscal years with a slight improvement realized in August of 2010. CSA will continue to monitor sales tax and realignment closely since this revenue stream provides over half the mandated county share of total CSA programs, which includes 32% of the mandated county share within the Program Services and Support budget.

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

<u>Services and Support</u>: The Department has completed a third quarter review of the Services and Support budget. The Department is requesting to transfer out appropriations of $164,883 to support the CSA – IHSS Provider Wages budget. The resulting use of $164,883 in departmental fund balance allows the Department to cover local match requirements in mandated programs in this and other CSA budgets, without impact to the County General Fund.

<u>Public Economic Assistance</u>: In the Foster Care and Adoptions Assistance Programs, the Department is requesting to increase appropriations by $243,164 and estimated revenue by $179,020 in State and Federal funding, offset by the use of department fund balance of $64,144. The increase is resulting from the court ordered increase to Foster Family Home (FFH) rates estimated at $170 per case effective April 1, 2011.

Additionally, the Department is requesting to transfer out appropriations of $43,846 to support the IHSS Provider Benefits and Wages budgets. The resulting use of $43,846 in departmental fund balance allows the Department to cover local match requirements in mandated programs in this and other CSA budgets, without impact to the General Fund.

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

In the IHSS Public Authority Benefits budget, the Department is requesting to increase appropriations by $737,245 and estimated revenue by $716,012, and to use prior year department fund balance of $21,233. This will ensure the Department may process insurance premium payments through the remainder of the fiscal year and to mitigate anticipated premium increases effective April 1, 2011. Sources of the additional revenue include $581,991 in Federal and State revenue, the use of health premium reserves of $100,000, an operating transfer in from the Public Economic Assistance budget of $34,021, and prior year fund balance approved by the Board of Supervisors at first quarter. The resulting use of fund balance allows the Department to cover local match requirements in mandated programs in this and other CSA budgets, without impact to the General Fund.

In-Home Supportive Services (IHSS) Provider Wages: This budget contains the full cost of the mandated IHSS individual provider wages, funded by Federal, State and County funds. Current wages are $9.38 per hour as authorized by the Board of Supervisors in the labor agreement with United Domestic Workers of America (UDWA) that expired on September 30, 2010. A tentative agreement was reached on March 24, 2011 that, pending Board approval, will maintain the same hourly wage through September 2011. At the mid-year, the Department projected that additional County Match for both the IHSS Provider Wages and IHSS Benefits budget units could be necessary prior to year-end because of projected caseload growth.

At this time, the Department is requesting an increase in appropriations of $8,360,194, estimated revenue of $7,817,072 from State and Federal funding, and the use of one-time department fund balance of $543,122. The Department is also requesting to increase estimated revenue by $174,708 through an operating transfer in from the CSA Services and Support and Public Economic Assistance budgets. This will ensure the county minimum mandated match requirement is met, and there is no additional impact to the General Fund.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CSA - Services and Support	$164,883	$0	$164,883	Increase in Operating Transfer out to IHSS Provider Wages to cover local county match requirements.
CSA - Public Economic Assistance	$243,164	$179,020	$64,144	Increase in Foster Care and Adoptions Assistance average grant amount due to court-ordered increase in Foster Family Home rates, funded by State and Federal revenue, and an increase of $64,144 in the use of department fund balance.
CSA - Public Economic Assistance	$43,846	$0	$43,846	Increase in Operating Transfer out to IHSS Public Authority Benefits and IHSS Provider Wages to cover local county match requirements.
CSA - Public Authority Benefits	$737,245	$581,991	$155,254	Increase in appropriations to cover June 2011 IHSS Provider health benefits; funded by State and Federal revenue, and an increase of $155,254 in the use of department fund balance.
CSA - Public Authority Benefits	$0	$100,000	($100,000)	Increase in estimated revenue using health premium reserves.
CSA - Public Authority Benefits	$0	$34,021	($34,021)	Increase in estimated revenue through an Operating Transfer in from Public Economic Assistance to cover local county match requirements.
CSA - IHSS Provider Wages	$8,360,194	$7,817,072	$543,122	Increase in appropriations to cover June 2011 IHSS Provider wages, funded by State and Federal revenue, and an increase of $54,122 in the use of department fund balance.
CSA - IHSS Provider Wages	$0	$9,825	($9,825)	Increase in estimated revenue through an Operating Transfer in from Public Economic Assistance to cover local county match requirements.
CSA - IHSS Provider Wages	$0	$164,883	($164,883)	Increase in estimated revenue through an Operating Transfer in from Services and Support to cover local county match requirements.
Total	$9,549,332	$8,886,812	$662,520	

Summary of Recommendations: It is recommended to increase appropriations by $9,549,352 and estimated revenue by $8,886,812 in State and Federal funding, resulting in the increased use of $662,520 in departmental fund balance.

HEALTH SERVICES AGENCY

Clinics and Ancillary Services: The Health Services Agency – Clinics and Ancillary Services budget is expected to end the 2010-2011 Fiscal Year within budgeted appropriations. At this time, the Department is requesting a one-time transfer of $2,340,000 from departmental retained earnings to fund the budgeted revenue shortfall for the HSA Indigent Health Care Program (IHCP) in this current fiscal year.

Indigent Health Care Program: As part of the 2010-2011 Adopted Final Budget, the Health Services Agency anticipated an exposure of $2.3 million in IHCP based on increased utilization and program changes pertaining to patient liability approved by the Board of Supervisors on March 30, 2010. At third quarter, the Department continues to project that 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. At this time, the Health Services Agency is requesting an increase in appropriations up to $2,340,000 to allow for the previously identified exposure of $2.3 million and for the additional fiscal impact of $34,000 for the program changes to patient eligibility approved by the Board of Supervisors at a Public Hearing conducted on April 5, 2011. This $34,000 represents the anticipated cost of these eligibility changes for the remainder of Fiscal Year 2010-2011. As described above, retained earnings in the Clinics and Ancillary Services budget is requested to be used to fund the current projected deficit in the Agency's IHCP Program.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
HSA Clinics & Ancillary	$2,340,000	$0	$2,340,000	Increase appropriations to transfer funds to IHCP.
HSA IHCP	$2,340,000	$2,340,000	$0	Increase appropriations and estimated revenue for Medical Services, funded through a transfer from Clinics and Ancillary.
Total	$4,680,000	$2,340,000	$2,340,000	

Staffing Requests: The Chief Executive Office previously received a request to complete a classification study of an Administrative Clerk II position in the Indigent Health Care Program. The study has been completed and based on the job duties and responsibilities a recommendation to reclassify the position upward is being made. The department has sufficient appropriations to cover the increased costs for the remainder of the fiscal year.

HEALTH SERVICES AGENCY DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Indigent Health Care Program	1	3387	Administrative Clerk II	Reclassify upward	Account Clerk II

Summary of Recommendations: It is recommended to increase appropriations by $4,680,000 and increase estimated revenue by $2,340,000. This results in the additional use of $2,340,000 in departmental fund balance. It is further recommended the staffing change described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for A Healthy Community are recommended to increase by $14,411,164 and $11,408,644 respectively. This is funded by $3,002,520 of departmental fund balance/retained earnings.

A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
Library

A Strong Local Economy

OVERVIEW

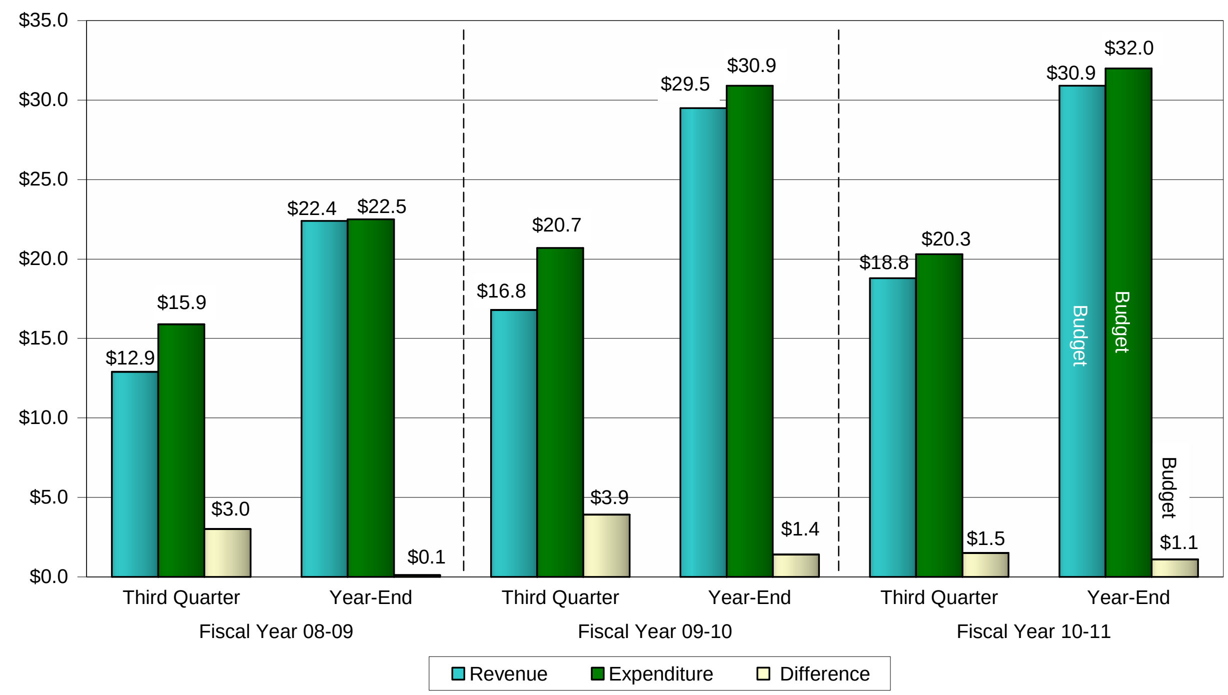
The Board of Supervisors priority area of A Strong Local Economy recognizes the critical role that County government can play in creating a local economy that promotes, protects, and sustains our agricultural economies while providing for broader, more diversified economic opportunities that will strengthen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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of March 31, 2011, actual revenue collected is $18.8 million, which represents 61% of the estimated annual revenue. This is above range when compared to the third quarter of the prior two years when collections were 57.6% and 56.9% of the final actual revenue. As of March 31, 2011, expenditures are $20.3 million, representing 63.4% of the budgeted appropriations. Expenditures at third quarter of the prior two years were at 71% and 67% of the final actual expenditures, placing this year's expenditures below the range.

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

A Strong Local Economy
Three Year Comparison



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

- Alliance Worknet and Alliance StanWORKs – An overall increase of $1.9 million in revenue, 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 – An overall decrease of approximately $569,842 in expenditures, 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.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

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

ALLIANCE WORKNET STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	-1	7562	Storekeeper II	Unfund vacancy	Unfund vacant position
	-1	8627	Administrative Clerk II	Unfund vacancy	Unfund vacant position
Alliance Worknet Changes	-2				
Beginning Allocation	83				
Changes in Allocation	-2				
Ending Allocation	81				

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

SUMMARY

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Local Economy are projected to meet budget at year-end.

A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

OVERVIEW

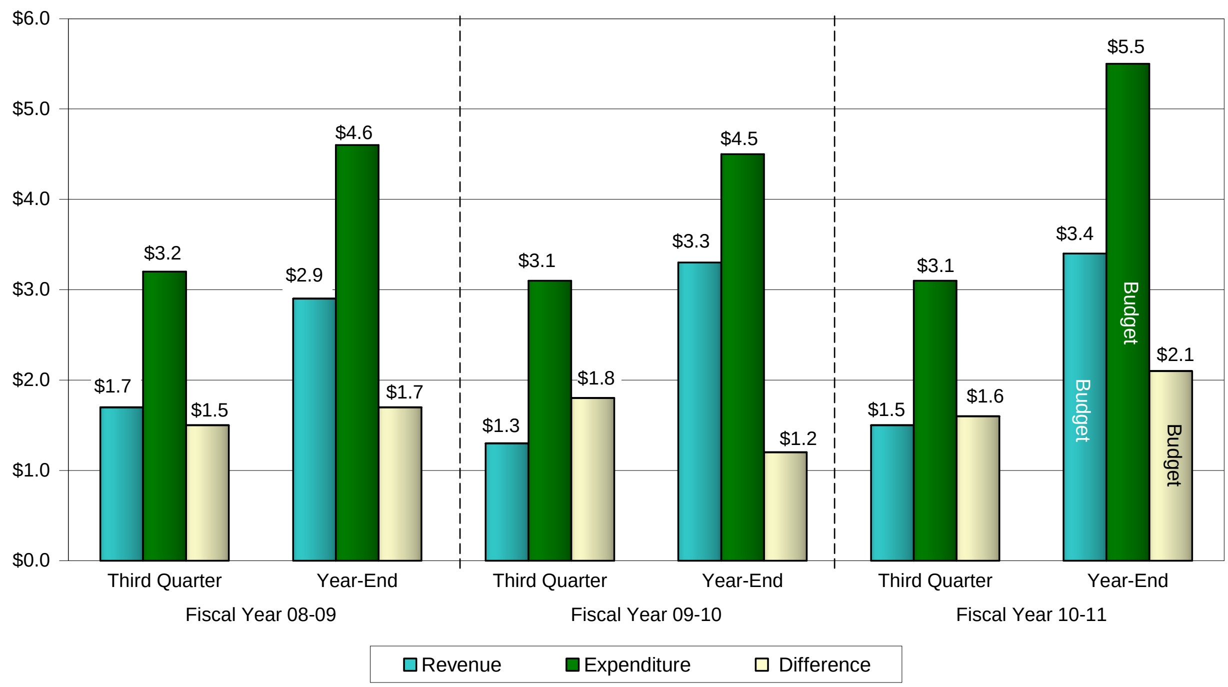
The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry that generates over $2 billion a year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of March 31, 2011, actual revenue collected is $1.5 million, which represents 43.1% of the estimated annual revenue. This is within range when compared to third quarter of the prior two years when collections were 58.1% and 39% of the final actual revenue. As of March 31, 2011, expenditures are $3.1 million, representing 57.2% of the budget appropriations. Expenditures at the third quarter point of the prior two years were approximately 70.3% and 69.7% of the final actual expenditures, placing this year's expenditures below the range.

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

A Strong Agricultural Economy/Heritage
Three Year Comparison



There were no significant variations in estimated revenue and expenditures this year, compared to the same time period one year ago include.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

There are no recommended budget changes for this priority area.

SUMMARY

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage are projected to meet budget at year-end.

A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

OVERVIEW

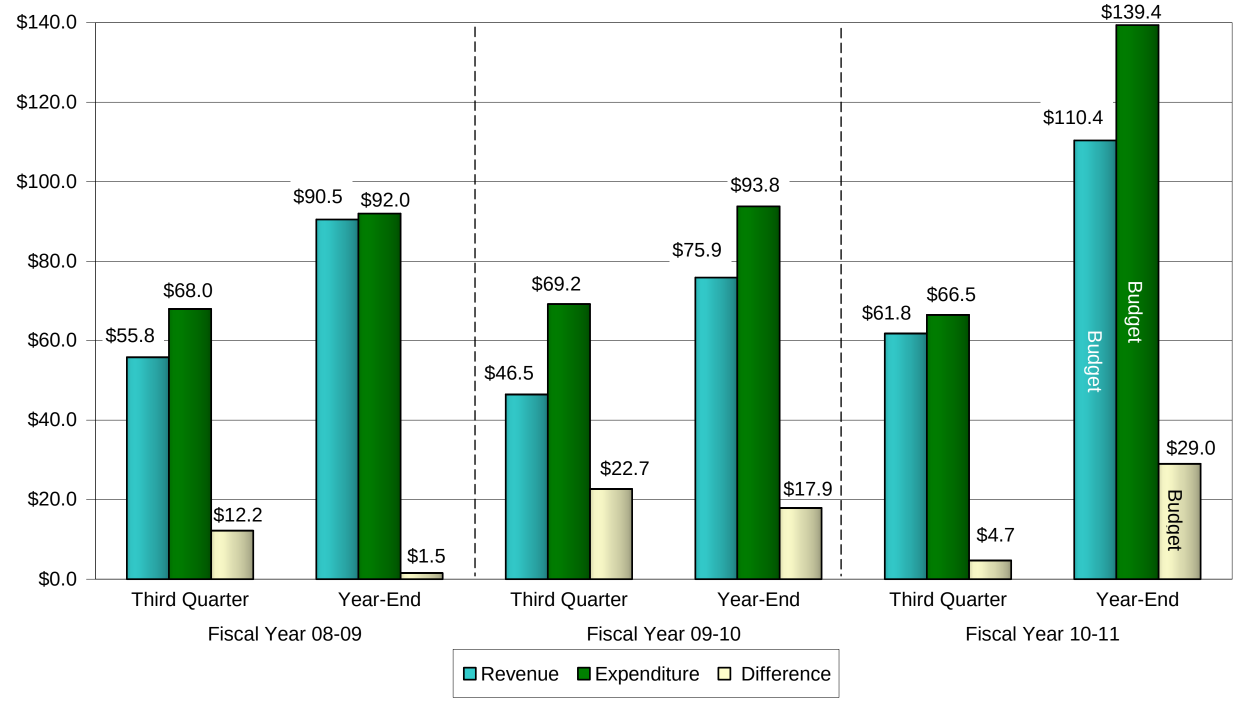
The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, and regional approaches to transportation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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of March 31, 2011, actual revenue collected is $61.8 million, which represents 56.0% of the estimated annual revenue. This is lower than the range when compared to third quarter of the prior two years when collections were 61.6% and 61.7% of the final actual revenue. As of March 31, 2011, expenditures are $66.5 million, representing 47.7% of the budgeted appropriations. Expenditures at the third quarter of the prior two years were 73.9% and 73.8% of the final actual expenditures, placing this year's expenditures below the range.

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

A Well Planned Infrastructure System
Three Year Comparison



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

- Department of Environmental Resources - Fink Road Landfill – A decline in expenditures in the amount of $3.3 million due to the majority of the planned Cell No. 5 construction occurring in Fiscal Year 2009-2010 and fixed asset purchases and other onsite improvements being kept to a minimum while revenues are down;

- Department of Environmental Resources - Waste-to-Energy Program – An increase in expenditures of $4.4 million 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 $8.9 million in expenditures due to completion of major portions of the Keyes and Empire Storm drainprojects in Fiscal Year 2009-2010;

- Planning and Community Development Department Special Revenue Grants – A decrease of $4.2 million in revenue and $4.0 million in expenditures 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 $741,000 in revenue and $794,000 in expenditures due to the timing of receipt of Transportation Development Act (TDA) funds and the purchase of new electronic fare boxes for all buses;

- Department of Public Works – Morgan Shop – An increase of $845,000 in revenue and $1.4 million in expenditures for the purchase of alternative fueled vehicles funded primarily through a Congestion Mitigation and Air Quality grant to meet compliance with State emission requirements; and

- Department of Public Works - Road and Bridge – An increase in revenue of $17.9 million and $6.8 million in expenditures 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 Fiscal Year 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.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

There are no recommended budget changes for this priority area.

SUMMARY

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

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

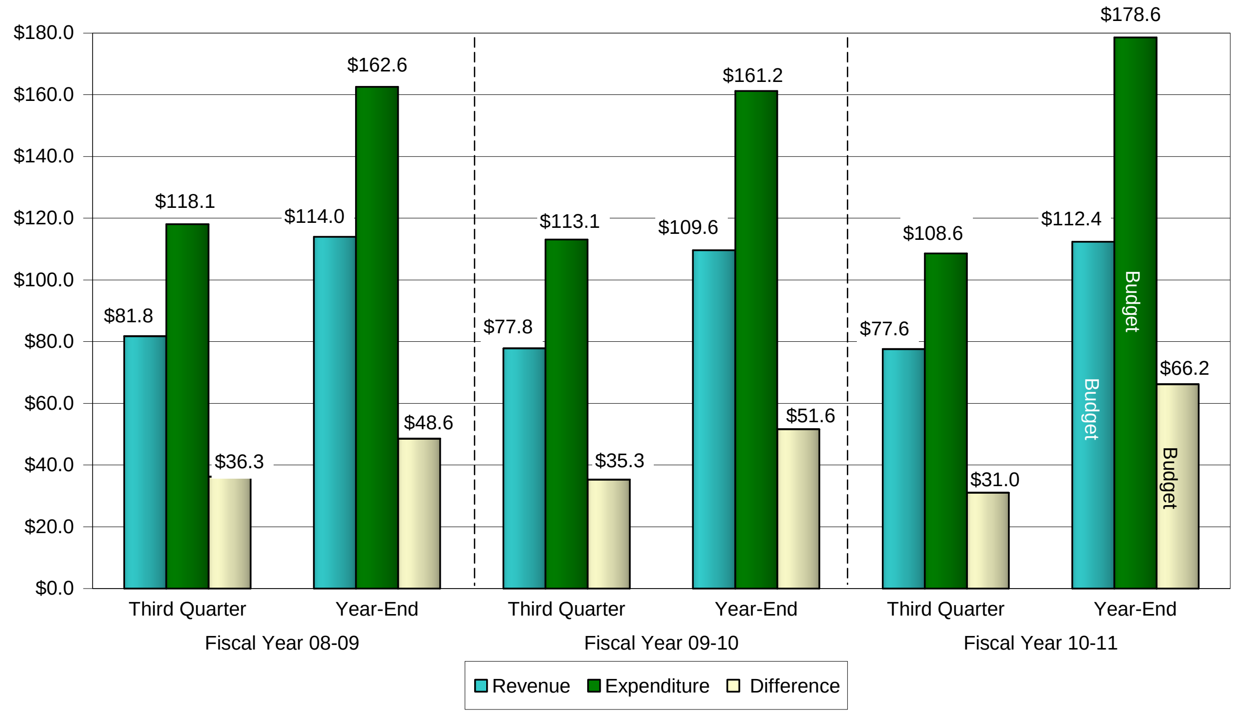
The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base and to serve these customers efficiently, it is important to consistently understand and review how to improve County services. Departments 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 March 31, 2011, actual revenue collected is $77.6 million, which represents 69% of the estimated annual revenue. This is below the range when compared to third quarter of the prior two years when collections were 71.8% and 71% of the final actual revenue. As of March 31, 2011, expenditures are $108.6 million, representing 60.8% of the budgeted appropriations. Expenditures at third quarter of the prior two years were 72.6% and 70.2% of the final actual expenditures, placing this year's expenditures below the range.

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



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

- Chief Executive Office – Debt Service – A $500,000 decrease in expenditures due to the timing of the scheduled debt payment between the County and the Trustee;

- Chief Executive Office - Risk Management Self-Insurance Funds - A $779,000 increase in revenue due to an increase in annual unemployment charges to departments from $235 per employee in Fiscal Year 2009-2010 to $325 per employee in Fiscal Year 2010-2011, and a $977,000 decrease in expenditures primarily a result of a reduction in the number of employees enrolled in health insurance programs;

- Chief Executive Office – General Fund Contribution to Other Programs – A $6.2 million increase in expenditures 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 $7.1 million decrease in expenditures 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 $600,000 increase in revenue due to SB90 reimbursement of the 2008-2009 Presidential General Elections and the 2008-2009 Special Election;

- Clerk Recorder – Recorder Division - A $400,000 increase in revenue as a result of the new base fee charged for every recorded document;

- General Services Agency – Fleet Services Division - A $400,000 decrease in revenue due to a decline in requested services. This can be attributed to a decrease in staffing county-wide as well as a reduction in mileage in excess of 100,000 miles per month; and

- Strategic Business Technology - A $400,000 decrease in revenue due to the reduction of 8% in charges to departments.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

AUDITOR CONTROLLER

Staffing Requests: The Chief Executive Office previously received a request to complete a classification study of an Administrative Clerk II position in the Property Tax Division. The study has been completed and based on the job duties and responsibilities a recommendation to reclassify the position upward is being made. The department has sufficient appropriations to cover the increased salary costs of $1,680 for the remainder of the fiscal year.

AUDITOR CONTROLLER DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor Controller	1	3258	Administrative Clerk II	Reclassify upward	Accounting Technician

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

CEO – COUNTY OPERATIONS

Appropriations for Contingencies: It is requested that appropriations be decreased by $4,500 to transfer funds to the Grand Jury budget in order to fully fund Civil Grand Jury fees. As part of the mid-year budget process, the Board of Supervisors had previously authorized a transfer of $3,973 to fund Civil Grand Jury fees. It is also requested that appropriations be decreased by $117,585 in order to fully fund the County's obligations to the N. McHenry Revenue Sharing Agreement with the City of Modesto through the CEO – General Fund Contribution to Other Programs budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CEO - Appropriations for Contingencies	($4,500)	$0	($4,500)	Transfer up to $4,500 in appropriations to Grand Jury to fund Civil Grand Jury fees
CEO - Appropriations for Contingencies	($117,585)	$0	($117,585)	Transfer appropriations to CEO - General Fund Contribution to Other Programs for the N. McHenry Revenue Sharing Agreement with City of Modesto
Total	($122,085)	$0	($122,085)	

Summary of Recommendations: A transfer of $122,085 from Appropriations for Contingencies is recommended for Grand Jury and General Fund Contributions to Other Programs, leaving a balance of $4,523,105 for Third Quarter. On April 26, 2011, the Board of Supervisors approved a $100,000 transfer from Appropriations for Contingencies to fund the Stanislaus County Redistricting project. This leaves a balance of $4,423,105 for the remaining fiscal year. Transfers from Appropriations for Contingencies require a four-fifths vote of the Board of Supervisors.

General Fund Contributions to Other Programs: The CEO – General Fund Contribution to Other Programs includes appropriations to meet the County's obligation under the North McHenry Revenue Sharing Agreement with the City of Modesto. The Auditor-Controller makes quarterly payments to the City of Modesto based on estimated tax revenues for properties included in the Agreement and then conducts an annual review to determine additional payments or credits based on actual revenue received. The Auditor-Controller has finalized the review of actual revenues received in 2009-2010 and has identified additional estimated payment obligations totaling $117,585 above the original $1.2 million budgeted for this obligation in the 2010-2011 Final Budget.

As part of the Adopted Final Budget for 2010-2011, the CEO-General Fund Contribution to Other Programs budget included funding for the Stanislaus Animal Services Agency in the amount of $1,374,445. Since that time, the Agency finalized its budget for 2010-2011 and that action increased the County contribution to $1,386,267. Although it is anticipated that actual expenses will be less than budget, the Joint Powers Agreement requires all partner agencies to fully fund their respective budgeted costs with a "true-up" action to occur at year-end. It is recommended to increase County match by $11,822 in the Stanislaus Animal Services Agency to fully fund the County contribution in accordance with the Joint Powers Agreement.

As part of the Adopted Final Budget for 2010-2011 the CEO-General Fund Contribution to Other Programs budget included funding for the CEO-Department of Justice Alcohol and Drug program in the amount of $55,543. This program has collected additional revenue and therefore will not use its full County match amount. It is recommended to decrease appropriations by $11,822 in the CEO-Department of Justice Alcohol and Drug program to return unused match funds.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CEO - Appropriations for Contingencies	($4,500)	$0	($4,500)	Transfer up to $4,500 in appropriations to Grand Jury to fund Civil Grand Jury fees
CEO - Appropriations for Contingencies	($117,585)	$0	($117,585)	Transfer appropriations to CEO - General Fund Contribution to Other Programs for the N. McHenry Revenue Sharing Agreement with City of Modesto
Total	($122,085)	$0	($122,085)	

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/	
CEO - General Fund Contribution to Other Programs	$117,585	$0	$117,585	Fully fund County's obligation under the N. McHenry Revenue Sharing Agreement with City of Modesto
CEO - General Fund Contribution to Other Programs	$11,822		$11,822	Fully fund County's obligation under the Joint Powers Agreement for the Stanislaus Animal Services Agency
CEO - General Fund Contribution to Other Programs	($11,822)		($11,822)	Return unused match funding from CEO-DOJ Alcohol and Drug program
Total	$117,585	$0	$117,585	

Summary of Recommendations: It is recommended to increase appropriations by $117,585 funded through a transfer from Appropriations for Contingencies to fully fund the N. McHenry Revenue Sharing Agreement. It is further recommended to increase County Match by $11,822 for the Stanislaus Animal Services Agency and to decrease the match in the CEO – Department of Justice Alcohol and Drug Program by $11,822.

CEO – RISK MANAGEMENT SELF-INSURANCE FUNDS

General Liability: The General Liability Self-Insurance budget is not projected to meet revenue estimates at year-end and will require a decrease of $600,000. The Final Budget anticipated that more insurance reimbursement revenue would be received in the current fiscal year due to cases that would exceed the $250,000 self-insured retention (SIR). Instead, this budget has funded numerous cases that have not met or exceeded the SIR, thus resulting in less than anticipated reimbursement revenue. The result of the revenue decrease is a corresponding use of retained earnings, which is already in a negative position of $2.2 million due to a sizable liability increase based on an actuarial analysis of the fund completed at the end of the Fiscal Year 2009-2010.

In preparation for the Third Quarter Financial Report, the Risk Management Division conducted an analysis of this budget in light of current and future litigation against Stanislaus County and the actuarial report completed at the end of Fiscal Year 2009-2010 that estimated $5 million in current and long-term liabilities. In preparation for the next actuarial report at the end of the current fiscal year, the Risk Management Division is gathering improved data analysis and case review that is anticipated to mitigate factors that attributed to the increase of the County's outstanding liabilities.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CEO - General Liability Self-Insurance Fund	$0	($600,000)	$600,000	Decrease revenue estimates due to lower-than-anticipated insurance reimbursement revenue received in the current year.
Total	$0	($600,000)	$600,000	

Summary of Recommendations: It is recommended to decrease estimated revenue for the Risk Management - General Liability by $600,000 funded by retained earnings.

GENERAL SERVICES AGENCY

Facilities Maintenance: In the Mid-Year Financial Report the General Services Agency (GSA) recommended a reduction-in-force in the Facilities Maintenance Division to address a revenue shortfall and to respond to the continued decrease of requested services. At third quarter, the Department is projecting a net shortage of approximately $183,000 this fiscal year, which includes reduction-in-force cash outs of approximately $58,000. While the Department has made every effort to contain costs and control overhead, revenue continues to be lower than budgeted, particularly in General Fund departments. As service demand continues to decline, GSA is requesting a transfer of appropriations of $94,965 from the Purchasing budget to offset the projected revenue shortfall. With the transfer of appropriations, the Department projects a remaining shortfall balance of $88,035, which is approximately 1% of the Facilities Maintenance Fiscal Year 2010-2011 budget. Overhead rates will be adjusted to ensure the division does not end the fiscal year in a negative position and rates will be reviewed again as part of the Proposed Budget, to account for changes in insurance, retirement, and other mandatory expenditures. The Department will continue to monitor this budget and any additional savings achieved in other areas will be used to decrease the overhead rate.

Fleet Services: The Fleet Services Division has experienced a decline in requested services. This can be attributed to a decrease in staffing county-wide as well as a reduction in mileage in excess of 100,000 miles per month. As a result of this trend the Department requested a reduction-in-force in the Mid Year Financial Report of one filled Equipment Service Technician position. At that time, the Department anticipated that the decline in service requests had leveled off, however the requests continue to decline. The Department is unable to fill a vacant Storekeeper position and is requesting the use of retained earnings to address the projected $55,000 shortfall in estimated revenue in this fiscal year. Currently the Fleet Services budget has a balance of $851,699 in retained earnings.

Purchasing: The Purchasing Division had a total balance of $27,447 year-end carry over savings from Fiscal Year 2009-2010. The Department is projecting a savings of $67,518 in the current fiscal year and is requesting to decrease appropriations by $94,965 in the Purchasing budget and transfer existing appropriations to the Facilities Maintenance budget to fund a projected shortfall.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Facilities Maintenance	$94,965	$0	$94,965	Increase in appropriations through a transfer from existing appropriations in the Purchasing budget.
Fleet Services	$0	($55,000)	$55,000	Decrease in projected revenue funded by retained earnings.
Purchasing	($94,965)	$0	($94,965)	Decrease in appropriations in the Purchasing budget and transfer existing appropriations to the Facilities Maintenance budget to fund a revenue shortfall.
Total	$0	($55,000)	$55,000	

Staffing Requests: The Department is requesting to unfund one vacant Sr. Buyer position and one vacant Storekeeper I position. Funding for these positions is not sustainable into Budget Year 2011-2012. This action supports the Department's budget balancing strategy.

GENERAL SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Fleet Services	-1	11741	Storekeeper I	Unfund vacancy	Unfund vacant position
Purchasing Division	-1	11490	Sr. Buyer	Unfund vacancy	Unfund vacant position
GSA Changes	-2				
Beginning Allocation	54				
Changes in Allocation	-2				
Ending Allocation	52				

Summary of Recommendations: It is recommended to decrease estimated revenue by $55,000, funded by retained earnings in Fleet Services. It is further recommended to transfer appropriations of $94,965 from the GSA Purchasing budget to the Facilities Maintenance budget to fund a projected revenue loss. It is also recommended to give authority to the General Services Agency to use additional savings in the GSA Purchasing and Administration budgets to offset any further shortfall the Facilities Maintenance Division budget may experience at year-end. It is further recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for Efficient Delivery of Public Services are recommended to decrease by $4,500 and $655,000 respectively. Included in the adjustment is a transfer of $122,085 from Appropriations for Contingencies that is being recommended for the CEO-General Fund Contribution to Other Programs for the North McHenry tax sharing agreement with the City of Modesto and Grand Jury to fund the Civil Grand Jury Fees. Use of Appropriations for Contingencies requires a four-fifths vote of the Board of Supervisors.

2010-2011 ENCUMBRANCE CARRYOVER

As part of the Chief Executive Office year-end closing of the County's financial records, it will be necessary to establish year-end carryover designations of current year funding for projects that will occur next fiscal year. A preliminary summary of proposed designations is included in the following chart, and reflects an overall estimated recommendation of $2,603,380.

2010-2011 YEAR-END CARRYOVER - ENCUMBRANCES		
Department	Amount	Description
GENERAL FUND		
Chief Executive Office- County Facilities	$ 154,000	Laird Park Shooting Range Clean-Up Project
Chief Executive Office - County Facilities	$ 131,000	SBT Data Center Project
Chief Executive Office - Crows Landing Air Facility	$ 925,000	Planning and Environmental Services
Chief Executive Office - Office of Emergency Services	$ 30,000	CAD Development Project and Weed Abatement Services
Chief Executive Office - Operations and Services	$ 60,000	Supervisorial Redistricting Project
Chief Executive Office Plant Acquisition	$ 342,500	CADD IPSS Project
Chief Executive Office Plant Acquisition	$ 75,000	2nd Street Driveway Improvements for SB-81 Juvenile Commitment Facility Project
Parks and Recreation	$ 490,000	Parks Master Plan - Salida Park Project
TOTAL GENERAL FUND	$ 2,207,500	
INTERNAL SERVICE FUNDS		
Strategic Business Technology	$ 11,866	Enterprise Software License Agreement
Strategic Business Technology	$ 106,000	SBT Data Center Capital Project
Strategic Business Technology	$ 50,212	PeopleSoft 9.1 Upgrade Extended License
Strategic Business Technology	$ 162,802	PeopleSoft 9.1 Upgrade Tech. Assistance
Strategic Business Technology - Telecom	$ 50,000	SBT Data Center Project
Strategic Business Technology - Telecom	$ 15,000	Voice over Internet Protocol Projects
TOTAL INTERNAL SERVICE FUNDS	$ 395,880	
TOTAL ALL FUNDS	$ 2,603,380	

BUDGET SCHEDULE

The following schedule is recommended for the 2011-2012 Recommended Proposed and Final Budget:

- May 27, 2011 — 2011-2012 Recommended Proposed Budget available to the Public
- June 7, 2011 — 2011-2012 Recommended Proposed Budget Presentation and Public Hearing to the Board of Supervisors
- September 13, 2011 — 2011-2012 Final Budget Presentation and Public Hearing to the Board of Supervisors