Third Quarter Financial Report
July 2011 — March 2012

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 2011-March 2012 for the 2011-2012 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's fiscal status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors Priority and recommends adjustments to County budgets needed since the adoption of the Final Budget in September 2011.

The intent of the Third Quarter Report is primarily to make any necessary adjustments to end the year in a positive fiscal position. Also in the report is a look forward at the significant budget challenges facing the State of California and county government.

A critical component in developing a budget balancing strategy for next year and beyond, is the reduction of operating costs to sustainable service levels. This is primarily due to the slow economic recovery and the absorption of costs that are out of the County's control. The programming of over $50 million of one-time funding in the General Fund has provided the organization a short-term solution in bridging the operating increases that in some cases would have eliminated even more programs and services than the Community has already experienced. The continued use of this one-time funding is not sustainable. The building up of County's fund balance had been achieved over multiple years and will take a number of years to rebuild. It will be imperative that the organization not lose sight of the importance in rebuilding this fund balance and adhering to the Board of Supervisors budget policy of retaining fund balance for the future.

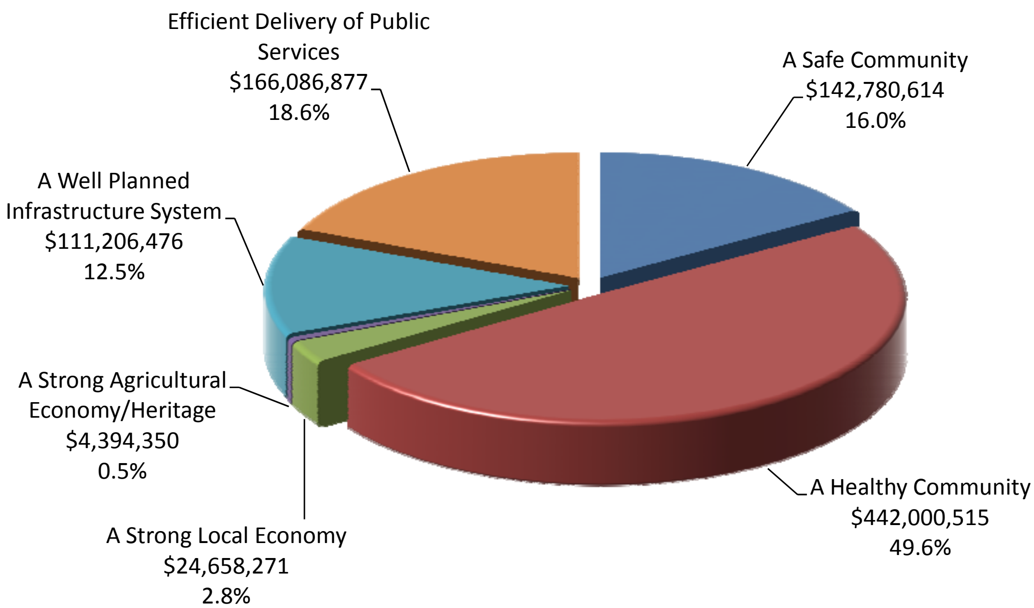
Summary

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

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

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

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



BUDGET OVERVIEW

The Adopted Final Budget is adjusted throughout the year. These adjustments include carrying forward appropriations for obligations from the previous fiscal year, adjustments as part of quarterly financial reports such as this, as well as adjustments approved as part of any separate Board of Supervisors agenda item. Combined, these adjustments result in an adjusted operating budget.

The 2011-2012 First Quarter Financial Report presented on November 1, 2011 reflected a fiscal review of department budgets and recommended an overall appropriations increase to the operating budget for all funds of $6,411,334. The report further recommended a $6,485,198 increase in departmental estimated revenue resulting in an overall decrease in the use of departmental fund balance/retained earnings of $73,864.

The 2011-2012 Mid-Year Financial Report presented on March 6, 2012 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 $3,484,426 and an increase in estimated revenue of $17,516,045, which resulted in a decreased use of fund balance of $14,031,619.

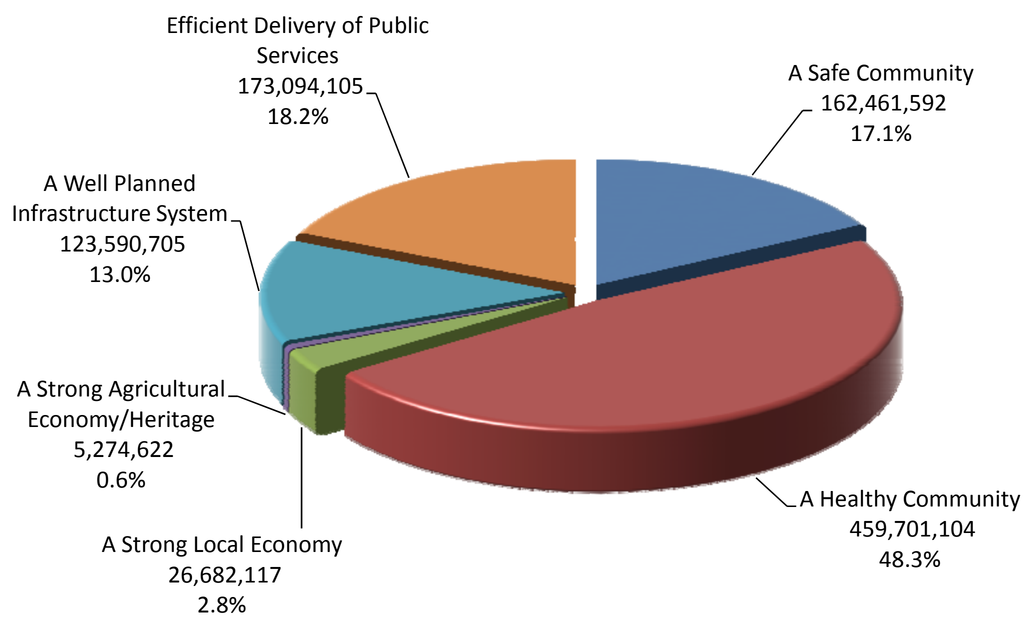
As part of the Mid-Year Financial Report, discretionary revenue projections were re-evaluated and were projected at approximately 4% higher than the final budgeted amount. As such, a $5.5 million adjustment was recommended and approved as part of the mid-year review.

In addition to quarterly financial reports, throughout the year the Board of Supervisors approves adjustments to department budgets in separate Board of Supervisors action agenda items. The sum of these adjustments through March 31, 2012 total $49,781,382. This reflects $24,404,225 in funding that was carried forward from the previous fiscal year and $25,377,157 in other budget adjustments approved by the Board of Supervisors in the current fiscal year through March 2012.

These adjustments made prior to the third quarter review increased the total County budget to $951 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, 2012:

Fiscal Year 2011-2012 Adjusted Operating Budget
Appropriations by Board Priority
$950,804,245 as of March 31, 2012



Summary of Requested Third Quarter Adjustments

The 2011-2012 Third Quarter Financial Report reflects a fiscal review of departmental budgets and recommended adjustments to ensure that all departments finish the year within their approved budgets. The Chief Executive Office's third quarter recommendations include a total increase in appropriations of $16,094,114 and an increase of estimated revenue of $11,893,155. If approved, the recommendations contained in this report will result in an increase in the use of fund balance of $4,200,959.

The following chart illustrates the beginning fund balances on July 1, 2011 for the various fund types, as well as the projected fiscal year-end balances adjusted for the recommendations contained in this report:

Summary of Fund Balance by Fund					
Fund Type	**Beginning Fund Balance on 7/1/2011**	**Legal Budget Revenue**	**Legal Budget Appropriations**	**Third Quarter Recommendation Impact to Fund Balance**	**Projected Fund Balance on 6/30/2012**
General Fund	$ 108,251,885	$ 225,549,681	$ 247,540,471	$ 571,519	$ 85,689,576
Special Revenue Fund	$ 191,769,329	$ 514,221,054	$ 537,030,322	$ 427,792	$ 168,532,269
Capital Projects Fund	$ 23,787,050	$ 8,308,906	$ 19,021,241	$ -	$ 13,074,715
Enterprise Fund	$ 10,436,335	$ 58,848,071	$ 62,827,010	$ 3,201,648	$ 3,255,748
Internal Service Fund	$ 18,401,931	$ 80,330,337	$ 84,385,201	$ -	$ 14,347,067
Total	**$ 352,646,530**	**$ 887,258,049**	**$ 950,804,245**	**$ 4,200,959**	**$ 284,899,375**

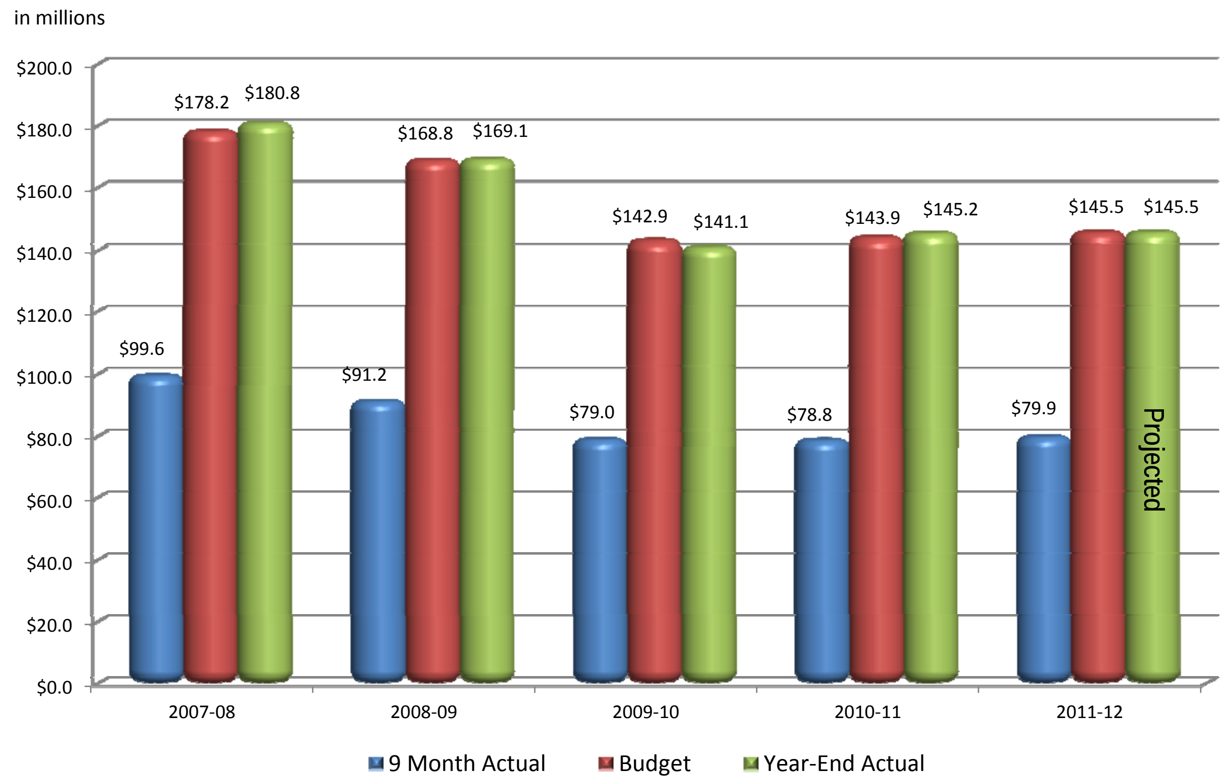
GENERAL FUND UPDATE

Discretionary Revenue

As of March 31, 2012, $79.9 million was posted to the General Fund discretionary revenue accounts. This amount represents 54.9% of the 2011-2012 Final Adjusted Budget amount of $145.5 million. Typically, discretionary revenue collected at this point of the fiscal year ranges from 54% to 55.9% of the Final Adjusted Budget and from 53.9% to 56% of the total year actual collections when looking at the prior five years. This comparison indicates that discretionary revenue is within the typical range when assessing the year-end position.

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

General Fund—Discretionary Revenue Five Year Comparison



The projected revenue for year-end is $145.5 million, equal to the Adjusted Final Budget amount. The Final Adopted Budget of $140 million was increased by $5.5 million as a result of the mid-year analysis and report to the Board of Supervisors on March 6, 2012. Revenue from sales tax continues to come in as anticipated and the analysis performed at the end of the third quarter indicates overall revenue will meet the projections as stated at mid-year.

Discretionary Revenue Description	Fiscal Year 2011-2012 Final Budget	Mid-Year 2011-2012 Projections	3rd Quarter 2011-2012 Projections	Difference between Mid-Year and 3rd Qtr Proj
Taxes	$ 97,841,000	$ 101,159,815	$ 101,104,415	$ (55,400)
Licenses, Permits & Franchises	975,000	975,000	975,000	-
Fines, Forfeitures & Penalties	6,100,000	4,000,000	4,000,000	-
Revenue from Use of Money	1,531,000	1,742,000	1,742,000	-
Intergovernmental Revenue	32,062,000	34,290,181	34,290,181	-
Charges for Services	(878,000)	522,001	473,082	(48,919)
Miscellaneous Revenues	98,000	404,364	462,683	58,319
Other Financing Sources	2,300,000	2,406,639	2,406,639	-
Total	$ 140,029,000	$ 145,500,000	$ 145,454,000	$ (46,000)

CURRENT ISSUES AND ONGOING CHALLENGES

As discussed in the 2011-2012 Mid-Year Financial Report, a number of challenges and significant concerns remain in the coming fiscal years.

Labor Relations

The County currently has agreements in place with all Labor Associations through June 30, 2012, which include a 5% salary deduction. In the fall of 2011, a majority of the County Labor Associations engaged in voluntary salary discussions with the County on a permanent 6% Salary Deduction Agreement to be effective July 1, 2012, after the expiration of the current 5% Salary Deduction Agreement. Included in these agreements is a provision to extend the current contract expiration dates from June 30, 2012 to June 30, 2014. Eight of twelve labor organizations agreed to the permanent 6% salary deduction during these voluntary salary discussions. The County has started negotiations with the four remaining labor groups. The chart below shows the status of the 6% Permanent Deduction Agreements and status of labor negotiations by County Labor Association.

Labor Association	Allocated Positions	Percent of Workforce	Contract Expiration Date	6% Salary Deduction Status
County Attorney's Association	67	1.8%	6/30/2012	Negotiations in Process
California Nurses' Association	81	2.2%	6/30/2012	Negotiations in Process
Service Employees' International Union, (SEIU) Local 521	575	15.4%	6/30/2012	Negotiations in Process
Stanislaus County Employees Association, (AFSCME) Local 10	1,988	53.3%	6/30/2012	Negotiations in Process
Labor Agreements Expiring June 30, 2012	2,711	72.7%		
District Attorney Investigators' Association	13	0.3%	6/30/2014	Approved by Board Nov 2011
Sheriff's Management Association	14	0.4%	6/30/2014	Approved by Board Nov 2011
Sheriff Supervisor's Association	21	0.6%	6/30/2014	Approved by Board Nov 2011
Emergency Dispatchers' Association	39	1.0%	6/30/2014	Approved by Board Nov 2011
Probation Correction Officers' Association	78	2.1%	6/30/2014	Approved by Board Nov 2011
Deputy Probation Officers' Association	114	3.1%	6/30/2014	Approved by Board Nov 2011
Sworn Deputies Sheriff's Association	150	4.0%	6/30/2014	Approved by Board Feb 2012
Deputy Sheriff's Association - Custodial	219	5.9%	6/30/2014	Approved by Board Nov 2011
Unrepresented	368	9.9%	N/A	Approved by Board Nov 2011
Approved Labor Groups	1,016	27.3%		
Total All Groups	3,727	100%		

Library Sales Tax Measure

On October 11, 2011, the Board introduced and waived the first reading of an ordinance regarding the Stanislaus County Library Transaction and Use Tax. The current Library tax is due for renewal on July 1, 2013. The ordinance, pursuant to Section 7286.59 of the California Revenue and Tax Code, allows Stanislaus County to place the matter of a one-eighth of one percent library sales and use tax on the ballot for the June 5, 2012 election. Although the law allows for a tax authorization period of up to sixteen years, staff's recommendation is an extension period of five years. Through Fiscal Year 2010-2011, the sales and use tax has generated over $6 million annually for the provision of Library services in Stanislaus County and accounts for over 70% of the Library's budget. The Library tax measure requires two-thirds voter approval.

Retirement

For the 2011-2012 Fiscal Year, the Stanislaus County Employees' Retirement Association Board (StanCERA) took action to mitigate proposed retirement rate increases. 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 Fiscal Year. While this action was instrumental in mitigating the increased retirement costs in Fiscal Year 2011-2012, this funding will not be available in Budget Year 2012-2013. Without this mitigation, departments will experience an estimated overall increase in retirement rates. StanCERA's actuarial study was approved by its Board on March 14, 2012 and these rates will be brought in an agenda item to the Board of Supervisors before the end of the fiscal year.

Health and Human Services

Significant exposures exist in the Community Services Agency's budgets of Public Economic Assistance and In-Home Supportive Services Wages and Benefits. As part of the mid-year financial review, the Department estimated a critical need of $4.1 million in additional County Match for these programs; however, caseload reductions and increased realignment revenue have now reduced that additional need to a total of $1.7 million as recommended in this Third Quarter Report. The exposure in Public Economic Assistance is due largely to recent changes in the Foster Care program, which increased the placement rates and extended the age limit on children in Foster Care to 19 in the current year. Reductions in CalWORKs caseloads and increased realignment revenue were instrumental in reducing the exposure in Public Economic Assistance, from an estimated $2.9 million at mid-year to the current $1.3 million. The Department is projecting continued exposures to the General Fund for the Foster Care program in Budget Year 2012-2013, ranging from $1.7 million to $5 million.

The In-Home Supportive Services (IHSS) Wages and Benefits exposure has also decreased throughout this fiscal year, from a mid-year estimate of $1.2 million to the current request of $384,927 in additional County Match. The reduction is due largely to unanticipated realignment revenue increases. With eight months of actual experience to develop trends, the Department is confident this reduced amount is sufficient for the remainder of this fiscal year. The Department also projects significant exposures to the General Fund in Budget Year 2012-2013 for the IHSS program, ranging from $3.5 million to $4.1 million overall.

The IHSS program is a highly volatile program at the State level, with renewed focus on IHSS due to Health Care Reform. The IHSS program may change as it is aligned with changes in health care beginning with the Community First Choice Option (CFCO), which is currently pending Federal review. CFCO would provide enhanced Federal funding that would help mitigate the State and County cost exposure for IHSS. The California State plan for participation in CFCO was submitted for approval to the Federal Centers for Medicare and Medicaid Services (CMS) on December 1, 2011. If approved, CFCO has the potential to significantly improve the County's ability to balance the IHSS program. If the State plan is approved, the Fiscal Year 2011-2012 estimated savings could potentially be over $650,000. Should CFCO be approved prior to fiscal year-end, additional revenue receipts could generate a savings and return of County General Funds in the year-end close process.

As part of the 2011-2012 Adopted Final Budget, the Health Services Agency identified a significant exposure of $2.9 million in the current year for the Medically Indigent Adult (MIA) program that remains unfunded. As of the third quarter, this exposure has increased to $3.2 million and is the result of increased utilization and program changes pertaining to patient liability for those individuals who are eligible. For the second consecutive year, the Department is requesting to use previous years' one-time savings in the Clinics and Ancillary Services budget to fund this exposure. Regardless of funding levels, MIA services are mandated and the County is required to provide, or arrange for the provision of, medical services for indigent residents of the County. The Department anticipates an additional exposure of over $4.1 million next fiscal year.

Public Safety Realignment

On June 30, 2011, Governor Brown signed a series of legislative bills as part of the State Budget that provided funding and made necessary technical changes to implement the public safety realignment program outlined in AB 109. Stanislaus County received $6.6 million for nine months of operation in the 2011-2012 Fiscal Year. Departments have initiated implementation of the programs as outlined in the Community Corrections Partnership Phase I plan; however, full implementation has been delayed due to staffing shortages and the extensive hiring and background process. The Community Corrections Partnership continues to meet and is starting the development of the Phase II Plan. At this time, counties remain positive regarding continued receipt of realignment dollars, but are unsure if the funding will be adequate to fund all of the expenses incurred. The Governor has included continued Realignment funding with the Fiscal Year 2012-2013 Proposed State Budget.

AB 900 Phase II Jail Construction Funding

On March 9, 2012, the County was notified by the Corrections Standards Authority that it was awarded $80 million in State Local Jail Construction funding (AB 900 Phase II), which includes a $9.5 million local cash match, for a proposed project totaling $89.5 million. Funding will be used to construct 384 maximum security beds, 72 medical/mental health beds, and a day reporting facility.

The Project Manager will recommend the Board of Supervisors approve several critical actions over the next several months to ensure the project can proceed with a two-track, design-build approach to accelerate the construction of jail beds and the day reporting center. This will provide for the State Public Works Board (SPWB) and the State Money Pooled Investment Board (PMIB) to approve and fund the project at the time of the award of the design-build contracts. This will assure the Board of Supervisors that State funding will be forthcoming for both the Programs/Day Reporting Facility and for the remainder of the project to be finalized at a later SPWB and PMIB regularly scheduled meeting.

The financing mechanism used to fund State public works projects such as new local jail construction, or other similar public works projects such as bridges and buildings, is a short-term interim financing of the project using funds from the State's pooled money investment account and long-term lease revenue bond financing. Required County Match funds are secure. Additional Jail Facilities are urgently needed. Additional General Funds will be required to staff the Facility when complete in 2016.

Aging County Facilities Need Repair and Renovation

Various facilities throughout the system are rapidly aging and are in need of repair and renovation. The needs of Juvenile Detention and Adult Detention Facilities are significant and immediate repairs could exceed $4.1 million. Funds need to be allocated for these repairs to ensure continuous operation. County staff continue to evaluate multiple funding and phasing strategies to meet these needs now and in the future.

State Budget Update

Multiple issues face the State as its 2012-2013 budget approaches and are summarized below.

Wall of debt - The State has a deficit problem of more than $30 billion. The Governor created a plan to eliminate the "wall of debt" over five years using revenue from his tax initiative if approved by voters in November 2012. If not approved, the State continues to face a significant problem.

Continued deficit spending – The State Legislature has shown no reservation in spending more than it receives in revenue. There is no indication this will stop and it will continue to add to the wall of debt.

Lack of protections for Realignment funding – There is no constitutional protection for Realignment funding. While the Governor has pledged to ensure the flow of funding to local government, without the protection of a constitutional amendment, the long-term guarantee of this funding is in question and puts counties at risk.

Lack of willingness to make budget cuts – The State Legislature has rejected virtually every budget cut proposed by the Governor and has shown they are unwilling to make difficult choices. Also, courts have stayed or thrown out other cuts that have been proposed. As a result, pressure continues to be pushed downward on counties to provide budget relief.

Governor's tax initiative – The tax initiative continues to evolve and how the funds raised would be ultimately used is in question. Recently, the Governor negotiated four major labor agreements with State employees that kept the status quo until the results of the tax initiative are known.

Unrealistic budget projections – Cash shortfalls have plagued the current year's State budget as a result of over-reaching projections. This trend continues from year-to-year and over-inflated cash projections have become common place.

Unachievable trigger cuts – Trigger cuts have proven to be smoke and mirrors as they have been thrown out in court or not implemented. The implementation of trigger cuts has proven problematic for the State.

Payment deferrals – The State continues to pursue deferring payments to counties as a method to balance its budget. Stanislaus and other counties have greatly opposed this strategy but counties continue to be used as a bank loan system for the State.

New fees – The legislature continues to propose and pass legislation that requires new fees that would benefit the State but could adversely impact the local community.

2012-2013 PROPOSED BUDGET SCHEDULE

The following schedule is recommended for the 2012-2013 Proposed Budget:

2012-2013 PROPOSED BUDGET SCHEDULE	
May 25, 2012	2012-2013 Proposed budget available to the Public
June 5, 6, 7, 2012	Proposed budget Presentation and Public Hearing to the Board of Supervisors
September 11, 2012	2012-2013 Final Budget Presentation and Public Hearing to the Board of Supervisors

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

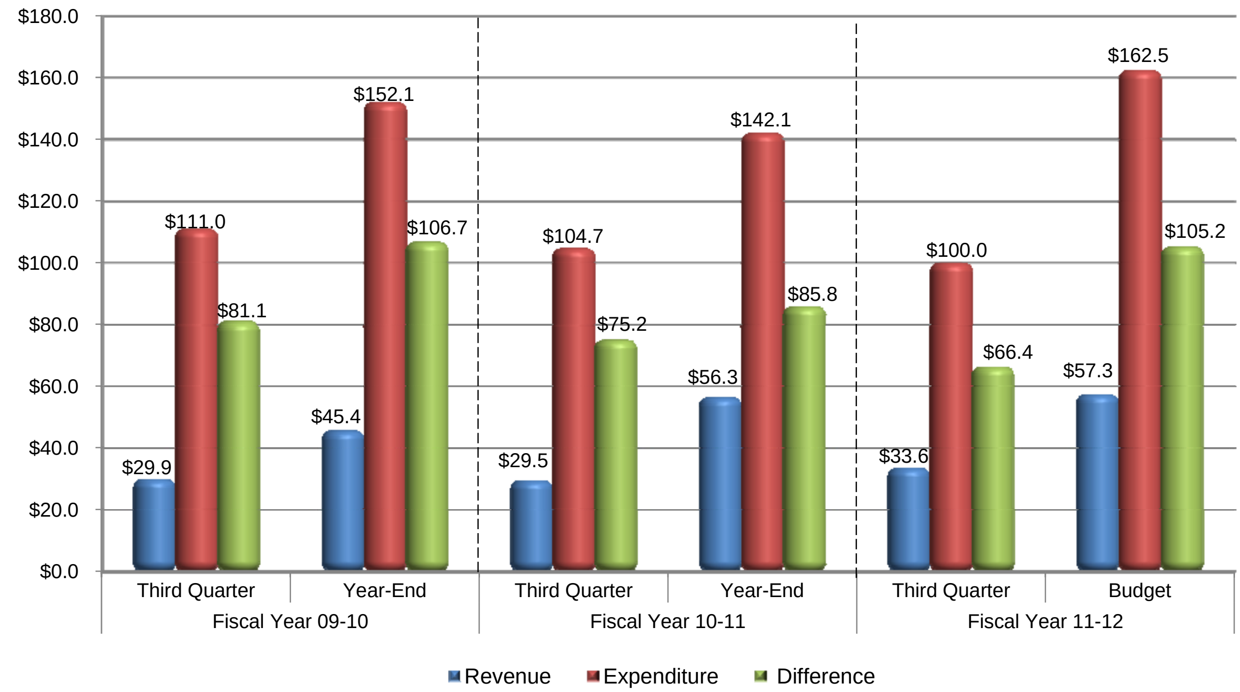
Ensuring a safe community and protecting the safety of the residents of Stanislaus County continue to be a top priority of the Board of Supervisors. Departments assigned to the Board of Supervisors priority area of A Safe Community include: Chief Executive Office - Office of Emergency Services/Fire Warden, 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, 2012, actual revenue collected is $33.6 million, which represents 58.6% 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 at 65.8% and 52.4% of the final actual revenue. As of March 31, 2012, expenditures are $100 million, representing 61.6% of the budgeted appropriations. Expenditures at the third quarter point of the prior two years were 73% and 73.7% 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 are funded through a General Fund contribution and the use of fund balance/retained earnings. This comparison shows third quarter and year-end figures 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:

- Probation – An overall increase in revenue of $4.1 million in Local Community Corrections as a result of the implementation of AB 109 Public Safety Realignment;
- Sheriff – An overall decrease in expenditures of approximately $1.8 million primarily due to Reductions-in-Force (RIF) enacted in the latter half of Fiscal Year 2010-2011; and
- Criminal Justice Facilities Fund – A decrease in expenditures of approximately $2.7 million, accounting for the one-time transfer out, in March 2011 of funds for the Juvenile Hall Commitment Center project.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

CHIEF EXECUTIVE OFFICE - COUNTY COURT FUNDING

In the Mid-Year Financial Report, the Chief Executive Office reported that a noticeable drop in revenue collected from Court fines and fees could result in an increased need for General Fund revenue in the County Court Funding budget in order to fund Court operations. Mid-year projections indicated a shortfall of approximately $230,000 but a strong increase in fines and fees collected and some one-time revenues have reduced the need to approximately $100,000. The Chief Executive Office is recommending the use of up to $175,000 of net county cost contribution to cover the revenue shortfall and to accommodate an additional revenue dip in the fourth quarter if one should occur. It should also be noted that the General Fund contribution to this budget will need an increase in the coming budget year in order to meet the obligations of local court services. No increase to appropriations is necessary at this time as this budget is coming in under the expenditure budget.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
County Court Funding		($175,000)	$175,000	Decrease estimated revenue and use fund balance up to a maximum of $175,000 as needed at year-end to cover funding of Court obligations.
Total	$0	($175,000)	$175,000	

Summary of Recommendations: It is recommended to decrease estimated revenue and rely on up to $175,000 of General Fund fund balance as needed at year-end to cover increased State court maintenance of effort costs.

DISTRICT ATTORNEY

Staffing Requests: The District Attorney's Office is requesting a classification study of the Senior Criminal Investigator position. Due to organizational changes, the District Attorney's Chief Investigator’s duties have expanded. As a result, the Senior Criminal Investigator has assumed a portion of the Chief Investigator's duties. A classification study will allow the Department to ensure the duties of the position are correctly aligned to the classification.

DISTRICT ATTORNEY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Criminal Division	1	1392	Senior Criminal Investigator	Classification study	Study

Summary of Recommendations: It is recommended that a classification study be prepared for the Senior Criminal Investigator position.

SUMMARY

Overall, estimated revenue for A Safe Community is recommended to decrease by up to $175,000 to be funded by the use of up to $175,000 in General Fund fund balance.

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

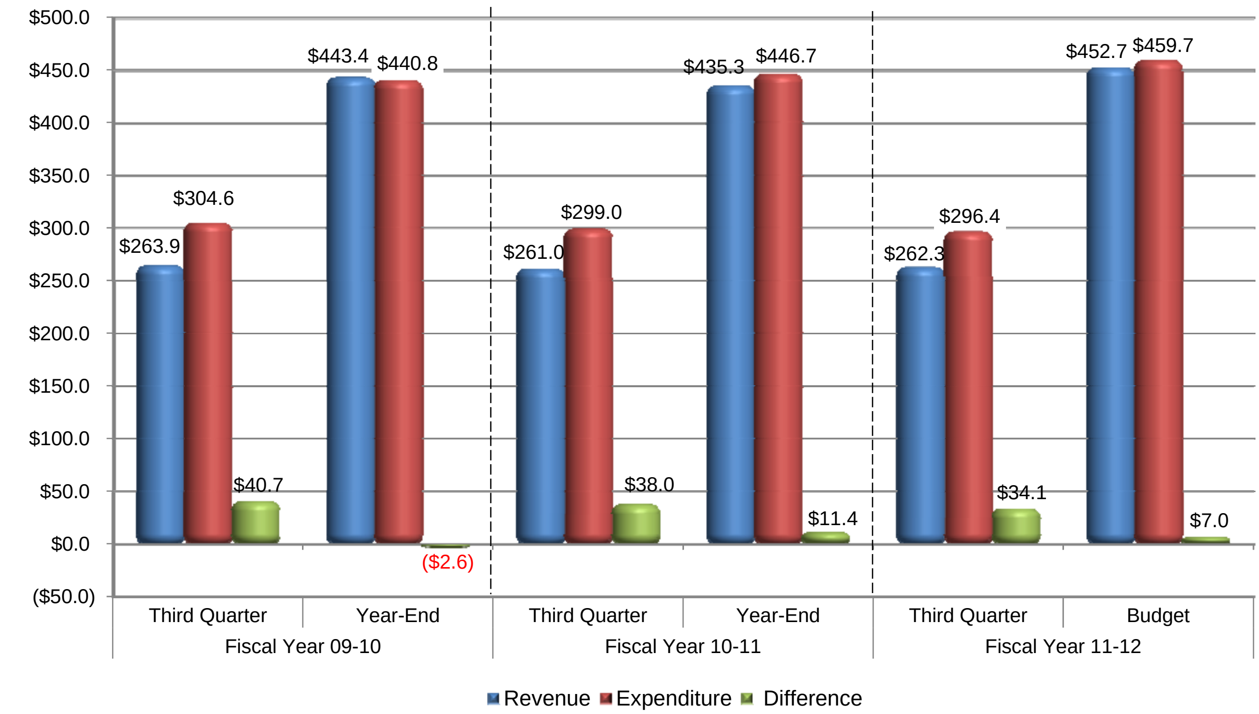
The Board of Supervisors priority area of A Healthy Community is vital to the quality of life for County residents. The departments assigned to this priority area are focused on protecting and promoting the health and well-being of County residents including preventing disease, disability and death. 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 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, 2012, actual revenue is $262.3 million, which represents 57.9% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior two years when collections were 59.5% and 60.0% of the final actual revenue. As of March 31, 2012, expenditures were $296.4 million, representing 64.5% of the budgeted appropriations. Expenditures at the third quarter point of the two prior years were 69.1% and 66.9% 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.

A Healthy Community
Three Year Comparison



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

- Area Agency on Aging – An increase in revenue of $290,980 due to the timing of receipt of State and Federal revenue;
- Behavioral Health and Recovery Services – Alcohol and Drug – A $2.2 million increase in revenue and $1.9 million increase in expenditures due to a contract, commencing on July 1, 2011, to provide Narcotic Replacement Therapy Services;
- Behavioral Health and Recovery Services – Managed Care – A $1.1 million increase in expenditures due to an increase in hospitalization as well as an increase in the number of uninsured clients being hospitalized, resulting in a higher County cost;
- Behavioral Health and Recovery Services – Mental Health Services Act (MHSA) – A decrease of $4.1 million in revenues as a result of AB100 changes in the way MHSA funds are distributed to counties. As of March 31, 2012 only 50% of Fiscal Year 2011-2012 MHSA funding has been received, compared to the same time last year, when 100% of Fiscal Year 2010-2011 MHSA funding was received;
- Child Support - An increase in revenue of $3,616,382 due to the timing of the reimbursement of expenses;
- Community Services Agency – An increase in revenue of $2,350,280 primarily due to receipt of one-time realignment growth and the timing of revenue posting for CalWORKS Maintenance of Effort

(MOE) and an overall decrease in expenditures of $2,789,847 due to reduced caseloads in CalWORKS and General Assistance (GA);

- Health Services Agency – Clinics and Ancillary Services – A decrease in revenue of $2.3 million and in expenses of $1.5 million, primarily as a result of a change in physicians providing specialty medical care;

- Health Services Agency – Indigent Health Care Program – An increase in expenditures of $1.8 million primarily as a result of increased utilization and program changes associated with patient liability in the Medically Indigent Health Program; and

- Health Services Agency – Public Health – A decrease in revenue of $1.4 million and in expenditures of $1.8 million, primarily as a result of State elimination or reduction of programs that occurred in Fiscal Year 2010-2011.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

BEHAVIORAL HEALTH AND RECOVERY SERVICES

Behavioral Health and Recovery Services: The Department is asking to increase appropriations by $50,000 for costs associated with the Strategic Planning process for 24-Hour Secure Mental Health Services. The Department is recommending the use of departmental fund balance to fund these costs. When Stanislaus Behavioral Health Center was sold to Doctors Medical Center on October 31, 2007, the net proceeds of $6,222,935 were placed in the Designated-Capital Acquisition account within the primary Behavioral Health and Recovery Services budget, with the intent to be used for future program needs. At this time, BHRS is requesting to use $50,000 of these funds which requires a 4/5 vote by the Board of Supervisors. Approval of this request will leave a balance of $6,187,935 in the designated account. Any funds not spent by June 30, 2012 will be returned to the Designated-Capital Acquisition account and any future request for use will again require a four-fifths vote by the Board of Supervisors.

Alcohol and Drug Program: The Department is requesting to add $73,500 in appropriations and estimated revenue in the Alcohol and Drug Program budget funded by Federal Substance Abuse Prevention and Treatment (SAPT) program block grant funds, to amend an existing agreement with the Center for Human Services, and to execute new agreements for Primary Prevention Services.

The Center for Human Services (CHS) is a local community-based organization that provides primary prevention services at various schools throughout the County. The requested amendment to the CHS agreement will expand Student Assistance Program services to additional schools. The Department is also in the process of developing additional contracts with various school districts to implement the Drugstore Project, which is a community-based prevention program. SAPT block grant funds in the amount of $953,058 are available for this Fiscal Year. The budgeted revenues and appropriations related to this grant are $516,600. It is anticipated that these contracts will be ongoing in future years at an estimated cost of $120,000 annually.

Public Guardian: The Department is requesting to increase appropriations by $20,000 in the Public Guardian budget funded by departmental fund balance, to fund unexpected retirement cashouts that were not budgeted. The mandated Public Guardian function is funded through fees and a County General Fund contribution. The County's contribution is critical to achieving compliance; however, the use of departmental fund balance has been necessary for several years to fully fund the program. Without the additional funding from the primary Behavioral Health and Recovery Services budget to cover the shortfall every year, the Public Guardian's office would not be able to continue at mandated levels. The Public Guardian's shortfall is consistent with previous years.

Managed Care: The Department has experienced an increase in psychiatric hospitalizations during this fiscal year. The average daily census has increased from approximately 19 individuals hospitalized at both Doctors Behavioral Health Center (DBHC) and out-of-county hospitals in Fiscal Year 2010-2011, to the current level of 25 in Fiscal Year 2011-2012. As part of the Mid-Year Financial Report, the Board approved an increase in appropriations of $650,000 for increased hospitalizations. At this time, the Department is requesting to increase appropriations by $950,000 funded by departmental fund balance, to cover the increased cost of inpatient usage at DBHC for the remainder of the current fiscal year. The Managed Care budget currently again has a negative fund balance and negative cash balance. These negative balances and requested increase in appropriations will be covered by the primary Behavioral Health and Recovery Services fund balance, which has a current unencumbered balance of approximately $3,000,000 as of March 31, 2012.

In addition to these budget adjustments, the Department is requesting that the Auditor-Controller be authorized to process prior year invoices from Stanislaus County Office of Education for graphic services performed last fiscal year. These invoices include: $595.50 in the primary Behavioral Health and Recovery Services fund; $92.12 in the Managed Care fund; and $111.48 in the Mental Health Services Act fund. No appropriation increases are requested for these payments.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
BHRS-Mental Health	$50,000	$0	$50,000	Increase appropriations to cover expenses associated with the Strategic Planning process for 24-Hour Secure Mental Health Services.
BHRS-Alcohol and Drug	$73,500	$73,500	$0	SAPT Primary Prevention block grant
BHRS-Public Guardian	$20,000	$0	$20,000	Increase salary expense due to unexpected retirement cashouts.
BHRS-Managed Care Services	$950,000	$0	$950,000	Increase contract expense due to increase in hospitalization usage.
Total	$1,093,500	$73,500	$1,020,000	

Staffing Requests: The Department is requesting to add a new Manager II position in the Adult System of Care (ASOC) division. This division is being restructured to support the Recovery Model and promote ongoing transition of clients out of treatment programs and into their communities. The Manager II will have supervisory responsibility over all levels of care and work to ensure movement through the levels. It is recommended to study this request. The Department is further requesting to reclassify downward a Mental Health Clinician II to a Staff Services Coordinator to align the position responsibilities with the current job assignment.

BEHAVIORAL HEALTH & RECOVERY SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health & Recovery Services	1	NEW	Manager II	Add new position	Study
BHRS CHANGES					
Beginning Allocation	343				
Changes in Allocation	0				
Ending Allocation	343				

BEHAVIORAL HEALTH & RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Mental Health Services Act	1	6879	Mental Health Clinician II	Reclassify downward	Staff Services Coordinator

Summary of Recommendations: It is recommended to increase appropriations by $1,093,500 and increase estimated revenue by $73,500. This results in the additional use of $1,020,000 in departmental fund balance. On July 1, 2011, the beginning fund balance for all Behavioral Health and Recovery Services funds was $23,428,085. As of March 31, 2012, the operating budget included the use of $1,847,927 in department fund balance/retained earnings. As a result of the recommendation to increase the use of fund balance by $1,020,000, the Department projects an ending fund balance in all funds of $20,560,158. It is further recommended the staffing changes described and outlined in the table above be adopted.

CHILD SUPPORT SERVICES

Staffing Requests: On March 30, 2010, the Board of Supervisors appointed the Chief Executive Officer or his designee as the Interim Administrator of the Department of Child Support Services in accordance with California Family Code Section 17304. Additionally, the Board of Supervisors authorized the Chief Executive Officer to conduct a classification review for the Administrator position.

The Chief Executive Office has completed the classification and salary review for the Administrator of the Department of Child Support Services. A survey was conducted with the following counties: Fresno, Kern, Kings, Madera, Merced, Monterey, Sacramento, San Joaquin, Solano, Sonoma, Tulare and Ventura. The duties and salary of the position were also compared to other Stanislaus County Department Heads. The Director of Child Support position is currently in band H ($128,253 - $192,358 annually) in recognition that the minimum qualification included Licensure by the California State Bar. Based on the salary and classification survey data it is recommended to move this classification to band G ($104,644 - $156,977 annually) and to eliminate the minimum qualification of Licensure by the California State Bar from the job specification.

DEPARTMENT OF CHILD SUPPORT SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Child Support Services	1	9638	Director of Child Support Services	Classification salary band change	Salary band change from Band H to Band G

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

COMMUNITY SERVICES AGENCY

The Community Services Agency (CSA) completed a detailed budget analysis as part of the third quarter review process. As a result, the Department is requesting budget adjustments for six budgets for a total increase of $5.3 million supported by: projected receipt of original (1990-1991) and 2011 realignment growth funds a request for $1.7 million (down from $4.1 million anticipated at mid-year) of additional County General Fund Match for mandated entitlement programs such as Foster Care. If approved as submitted, the CSA budget will total $269 million.

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.

Services and Support: The Department reports an upward trend in original (1990-1991) Social Services Realignment cash receipts through February 2012. As a result, the Realignment revenue projection has increased to $2,086,047 to equal the State Controller Realignment published base at Third Quarter 2012; an increase of $306,917 over the budget level of $1,779,130. In addition, recognition of the unanticipated prior year Realignment growth funds received in October of $294,747 is included at Third Quarter. There are no budget adjustments at Third Quarter to use these funds. Staff will work with the Department to evaluate the impact of the increased funding on current and future programs' sustainability in the Child Welfare area; several of these programs include private contributions of one-time match funds. The Department will return to the Board of Supervisors for direction on the use of these one-time funds as part of the year-end closing process for Fiscal Year 2011-2012.

Fiscal Year 2011 Realignment revenue received is consistent with existing budget projections of $9.4 million. The Department will continue to monitor sales tax and Realignment closely since these revenue streams provide 78% of the mandated county share in the overall CSA Budget and approximately 73% of the county share requirement in Program Services and Support in the current year.

Public Economic Assistance: The Department is requesting an overall decrease in appropriations of $1,697,507 for Public Economic Assistance Aid programs consistent with current downward trends in caseloads and grants. Although the Department is requesting a decrease to this budget, a total unmet need of $1,352,930 exists for the Foster Care program for the local County Match requirements.

In CalWORKs, the Department is requesting to decrease appropriations by $5,279,239 and estimated revenue by $5,147,258 due to a decrease in caseloads and average monthly grants as a result of State imposed time limit reductions from 60 to 48 months for adults, reduced income disregards and an Incremental Grant Reduction (ICR) for some CalWORKs Child Only Cases.

In Foster Care, the Department is requesting a $3,589,568 increase in appropriations and a $2,017,509 increase in estimated revenue as a result of the implementation of Phase 1 of AB 12 (extend Foster Care benefits beyond the age of 18) on January 1, 2012 and the Title IV-E Education Travel Reimbursement. The Department is also requesting $1,352,930 in additional General Funds as part of the local County Match requirements.

The Department is requesting an increase in estimated revenue of $40,929 for the Kinship Guardianship Assistance Payment Program (Kin-GAP) and Adoption Assistance Program (AAP) due to increased State and Federal Revenue.

In the Transitional Housing Program Plus (THP+), the Department is requesting a decrease in appropriations of $7,836 to align with the 2011 Realignment projected allocation of sales tax to support THP+.

Additionally, the Department is requesting a decrease in revenue of $138,076 (to reflect Realignment actual earnings and the State Controller's Office base) and approval for an operating Transfer in from the CSA-General Assistance budget of $176,459 to reduce the unmet need for local County Match requirements.

General Assistance: The Department is requesting a decrease in appropriations of $176,459 due to declining caseloads in the Adult General Relief program and a corresponding operating Transfer out to Public Economic Assistance to reduce the Unmet Need in Foster Care.

IHSS Public Authority Administration: The Department is requesting to increase appropriations by $16,487 due to a $17,737 increase for contracted staff costs and an offsetting decrease of $1,250 related to fewer than anticipated fingerprint charges.

IHSS Public Authority Benefits: The Department is requesting an increase to appropriations and estimated revenue of $497,009 supported by additional State and Federal revenues of $263,721 and an additional $233,288 comprised of $41,103 of General Fund revenue as part of the local County Match request and the drawdown of $192,185 in State and Federal revenue.

IHSS Provider Wages: The Department is requesting to increase appropriations and estimated revenue by $6,488,261 due to increased provider wage costs associated with the MOU. The increase in appropriations is supported by increased realignment revenue of $797,299 and Federal and State revenue of $5,347,138. The Department is also requesting $343,824 additional General Funds as part of the local County Match requirements.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CSA - Services and Support	$0	$294,747	$(294,747)	Increase estimated revenues in recognition of one-time CWS realignment growth received
CSA - Services and Support	$0	$297,461	$(297,461)	Increase estimated revenues in recognition of the base adjustment in realignment revenues from the State Controller's Office (SCO)
CSA Public Economic Assistance	$(5,279,239)	$(5,147,258)	$(131,981)	Decrease in CalWORKs program costs consistent with trends of customer needs
CSA Public Economic Assistance		$40,929	$(40,929)	Increase in State and Federal revenue for Title IV-E programs (KinGAP and AAP)
CSA Public Economic Assistance	$(7,836)		$(7,836)	Decrease in THP Plus progran
CSA Public Economic Assistance		$(138,076)	$138,076	Decrease in realignment to reflect base and revenue received
CSA Public Economic Assistance		$176,459	$(176,459)	Operating transfer in from General Assistance
CSA Public Economic Assistance	$3,589,568	$2,017,509	$1,572,059	Increase in Foster Care program costs consistent with current trends, State and Federal funding
CSA Public Economic Assistance		$1,352,930	$(1,352,930)	Request for County Match to fund Foster Care mandated costs
CSA General Assistance	$(176,459)	$0	$(176,459)	Decrease in Adult General Relief Assistance program
CSA General Assistance	$176,459		$176,459	Operating transfer out to Public Economic Assistance
CSA PA Admin	$17,737	$17,737	$0	Increase in contract staff due to time study results
CSA PA Admin	$(1,250)	$(1,250)	$0	Decrease in need for Provider fingerprinting
CSA PA Benefits	$497,009	$409,524	$87,485	Increase in Benefits administration costs consistent with MOU, Stae and Federal revenue
CSA PA Benefits	$0	$46,382	$(46,382)	Increase in State Realignment base
CSA PA Benefits	$0	$41,103	$(41,103)	Request for additional County Match for IHSS Benefits mandated costs
CSA IHSS Provider wages	$6,488,261	$5,347,138	$1,141,123	Increase in Provider Wages costs associated with MOU, State and Federal funding
CSA IHSS Provider wages	$0	$797,299	$(797,299)	Increase in realignment revenue
CSA IHSS Provider wages	$0	$343,824	$(343,824)	Request for additional County Match for IHSS Provider Wages mandated costs
Total	$5,304,250	$5,896,458	($592,208)	

Summary of Recommendations: It is recommended to increase appropriations by $5,304,250 and estimated revenue by $5,896,458, resulting in a departmental fund balance of $592,208. On July 1, 2011, the beginning fund balance for all Community Services Agency funds was $774,468. As of March 31, 2012, the operating budget included the use of $304,137 in department fund balance/retained earnings. As a result of the recommendation to decrease the use of fund balance by $592,208, the Department projects an ending fund balance in all funds of $1,062,539.

HEALTH SERVICES AGENCY

Clinics and Ancillary Services: The Health Services Agency – Clinics and Ancillary Services budget is expected to end the 2011-2012 Fiscal Year within budgeted appropriations and with savings to fund unmet needs in the Medically Indigent Adult Program. At this time, the Department is requesting a one-time transfer of $3,201,648 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 2011-2012 Adopted Final Budget, the Health Services Agency anticipated an unfunded exposure of $2.9 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 of $3,201,648 to allow for the previously identified exposure of $2.9 million and for the additional fiscal impact of $301,648 due to increased utilization. As described above, use of retained earnings from the Clinics and Ancillary Services budget is requested to fund the current projected deficit in the Agency's IHCP Program for this fiscal year only.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
HSA Clinics & Ancillary Services	$3,201,648	$0	$3,201,648	Increase in appropriations to transfer funds to HSA - Indigent Health Care Program.
HSA Indigent Health Care Program	$3,201,648	$3,201,648	$0	Increase in appropriations and extimated revenue for medical care, funded from HSA - Clinics and Ancillary Services.
Total	$6,403,296	$3,201,648	$3,201,648	

Staffing Requests: The Department is requesting to restore an unfunded Staff Nurse III and an unfunded Sr. Nurse Practitioner. These positions are needed to cover the projected increase in the patient visits at Specialty and Paradise Medical Office Clinics. There will be no fiscal impact to the Agency, as the increase in cost of the positions will be offset by the increase in revenue generated in the Agency's Outpatient Clinic operations. The Department is further requesting to transfer a Manager II position from Public Health to Clinics & Ancillary. The position is needed to staff the Agency's Clinics & Ancillary Health Coverage and Quality Services function.

HEALTH SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Clinics & Ancillary	1	1881	Staff Nurse III	Restore unfunded position	Restore vacant position
Clnics & Ancillary	1	6260	Sr. Nurse Practitioner	Restore unfunded position	Restore vacant position
HSA CHANGES	2				
Beginning Allocation	471				
Changes in Allocation	2				
Ending Allocation	473				

HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Clinics & Ancillary	1	9444	Manager II	Transfer in	Transfer from Public Health
Public Health	-1	9444	Manager II	Transfer out	Transfer to Clinics & Ancillary

Summary of Recommendations: It is recommended to increase appropriations by $6,403,296 and increase estimated revenue by $3,201,648. This will increase the use of department fund balance/retained earnings by $3,201,648. On July 1, 2011, the beginning fund balance for all Health Services Agency funds was negative $8,060,912. As of March 31, 2012 the operating budget included the use of $677,783 in department fund balance/retained earnings. As a result of the recommendation to increase the use of fund balance/retained earnings by $3,201,648, the Department projects an ending fund balance in all funds of negative $11,940,343. Of note, the Health Services Agency fund balance for all funds except Clinics and Ancillary Services totals $2.5 million. The Clinics and Ancillary Services retained earnings, currently at negative $11 million, include the long-term note of $22 million that has an amortized repayment schedule funded by the interest earnings of the Tobacco Endowment. Without the long-term note, the Clinics retained earnings would be a positive $12 million. 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 $12,801,046 and $9,171,606 respectively which includes $1.7 million in additional County Match funds. The $3.6 million shortfall is funded by departmental fund balance/retained earnings.

A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
Library

A Strong Local Economy

OVERVIEW

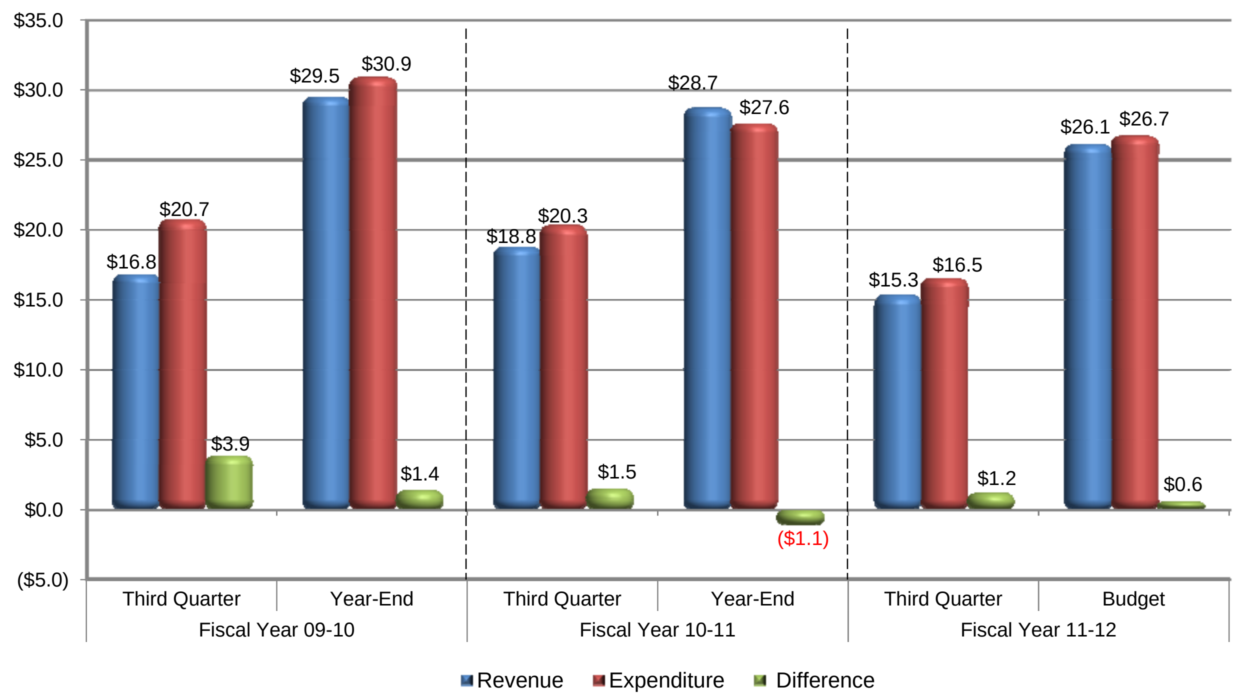
The Board of Supervisors priority area of A Strong Local Economy recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation, providing a wide range of employment and training services, and educational resources 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 (Workforce Investment Act), while the Library is supported by a special 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, 2012, actual revenue collected is $15.3 million, which represents 58.7% of the estimated annual revenue. This is within the range when compared to the third quarter of the prior two years when collections were 57.1% and 65.5% of the final actual revenue. As of March 31, 2012, expenditures were $16.5 million, representing 61.9% of the budgeted appropriations. Expenditures at third quarter of the prior two years were at 67% and 73.6% 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 decrease of $3.8 million in revenue and $3.6 million in expenditures compared to the same period last year is due to the loss of three special grants that ended on June 30, 2011 to provide employment and training services to the community and to the reduction in American Recovery and Reinvestment Act (ARRA) funding from Community Services Agency for Welfare-to-Work services; and

- Library – An overall increase in revenues of approximately $283,000 compared to the same period last year is due to the combination of receipt of prior year's sales tax revenues and the loss of California Library Literacy Service (CLLS) funding.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

Staffing Requests: The Department is requesting to restore an unfunded Accountant III position. Currently the Department does not have sufficient staff with professional level accounting skills needed to enhance existing cost accounting and time distribution processes to ensure accounting operations are in sync with Federal grant requirements. This position will provide a critical resource to effectively implement accounting system process improvements. The cost of the position will be offset by the salary savings of vacant positions and by unfunding an Accountant position expected to become vacant due to a planned retirement in Budget Year 2012-2013.

ALLIANCE WORKNET STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	1	2120	Accountant III	Restore unfunded position	Restore vacant position
ALLIANCE WORKNET CHANGES	1				
Beginning Allocation	81				
Changes in Allocation	1				
Ending Allocation	82				

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

LIBRARY

The Library has received a donation from the Stanislaus Library Foundation in the amount of $30,700 for the 2012 Summer Reading Program. The Library's Summer Reading Program, which has been conducted for at least thirty years, helps develop early literacy skills in pre-school age children and helps school-age children and teens maintain their reading skills while on summer vacation. In recent years, the Library added an Adult Summer Reading Program component which offers adult participants the opportunity to share their book reviews with other participants. The donated funds will enable the Library to purchase books and materials, supplies, pay performers, and purchase prizes for special events. The Summer Reading Program has proven to be a popular and successful program at all of the 13 libraries.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Library	$30,700	$30,700	$0	Increase in donations from Library Foundation for 2012 Summer Reading Program.
Total	$30,700	$30,700	$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue in the amount of $30,700 to fund the 2012 Summer Reading Program.

SUMMARY

Overall, appropriations and estimated revenue for A Strong Local Economy are recommended to increase by $30,700 from a donation from the Library Foundation.

A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

OVERVIEW

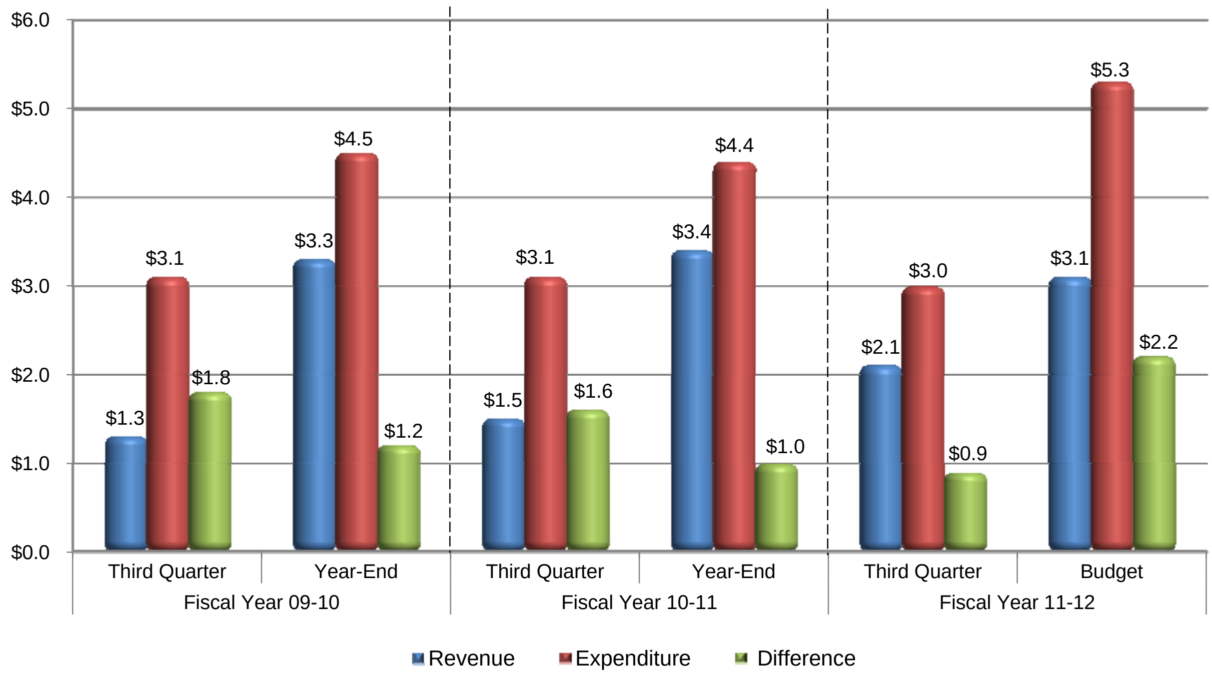
The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry, which generates approximately $2 billion a year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of March 31, 2012, actual revenue collected is $2.1 million, which represents 66.6% of the estimated annual revenue. This is above range when compared to third quarter of the prior two years when collections were 39% and 43.2% of the final actual revenue. As of March 31, 2012, expenditures are $3 million, representing 57.6% of the budget appropriations. Expenditures at the third quarter point of the prior two years were approximately 69.7% and 71.5% 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



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

- Agricultural Commissioner's Office – An increase in revenue of approximately $635,000 due to the receipt of the pesticide mill tax from the California Department of Pesticide Regulation earlier than in prior fiscal year.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

AGRICULTURAL COMMISSIONER

The Agricultural Commissioner experienced an unanticipated increase of $163,649 in pesticide mill tax revenue in the current fiscal year received from the California Department of Pesticide Regulation (DPR). The Department is requesting an increase in estimated revenue and appropriations of this amount to help meet their staffing needs through year-end. The Department is also requesting a transfer of $39,351 in appropriations from Fixed Assets into Salaries and Benefits. Due to the current fiscal constraints and anticipated budget levels for Budget Year 2012-2013, the Department has decided to hold off on the purchase of a vehicle scale to a later date when the budget outlook improves. The transfer in appropriations will ensure that the Salaries and Benefits category ends the year within budget.

Through the requested third quarter budget adjustments, the Department will not be required to use any of its carry over savings from the prior year, as originally intended, and will be able to bring these savings forward in full into Budget Year 2012-2013 to assist with any budget shortfalls.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Agricultural Commissioner	$163,649	$163,649	$0	Increase in salaries from additional pesticide mill tax revenue received from the CA Dept of Pesticide Regulation.
Agricultural Commissioner	($39,351)	$0	($39,351)	Transfer of appropriations from Fixed Assets for salary needs.
Agricultural Commissioner	$39,351	$0	$39,351	Transfers of appropriations into Salaries and Benefits for salary needs.
Total	$163,649	$163,649	$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue in the amount of $163,649 funded from estimated revenue from the California Department of Pesticide Regulations and to transfer $39,351 in appropriations from Fixed Assets into Salaries and Benefits.

SUMMARY

Overall, appropriations and estimated revenue for A Strong Agricultural Economy/Heritage are recommended to increase by $163,649 from additional pesticide mill tax.

A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

OVERVIEW

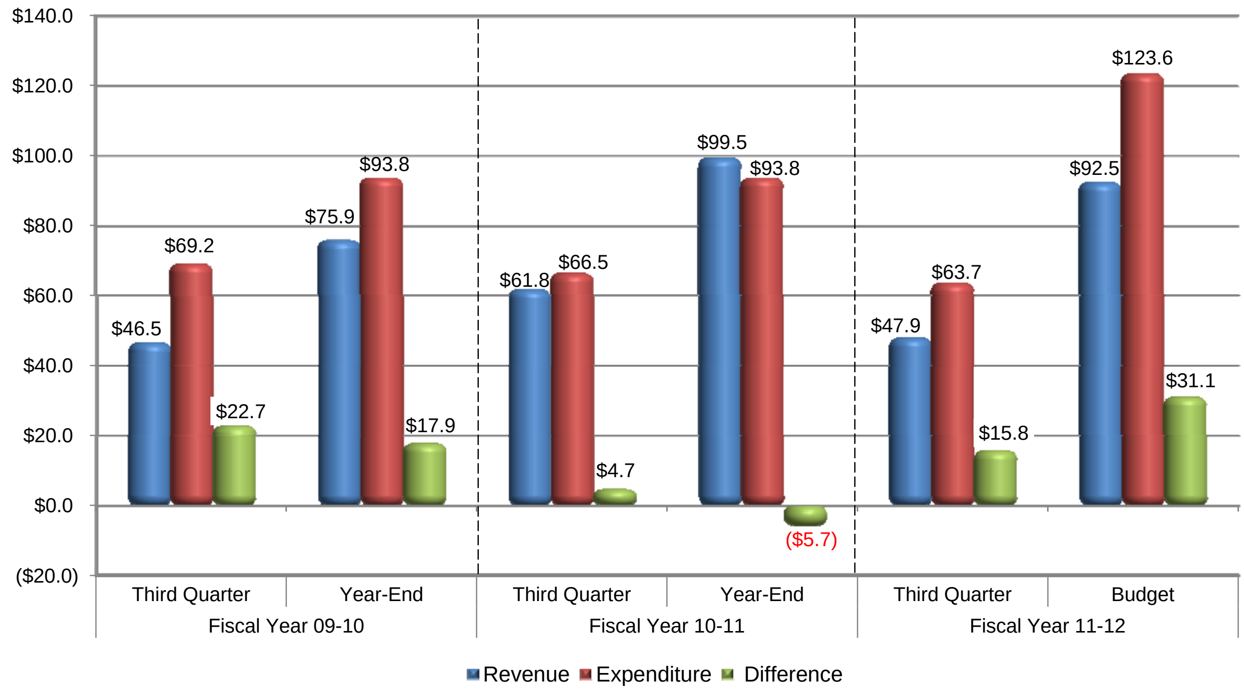
The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and 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. On February 1, 2012, the Redevelopment Agency was dissolved and the Successor Agency was created. The Public Works Department primary sources of funding are derived from Charges for Services and State and Federal funding for transportation and roads.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of March 31, 2012, actual revenue collected is $47.9 million, which represents 51.8% of the estimated annual revenue. This is lower than the range when compared to third quarter of the prior two years when collections were 61.3% and 62.1% of the final actual revenue. As of March 31, 2012, expenditures are $63.7 million, representing 51.5% of the budgeted appropriations. Expenditures at the third quarter of the prior two years were 73.8% and 70.9% 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 $1.3 million due to no construction activities planned in the current fiscal year and an increase in revenue of $950,000 due to increased tonnage received at the Landfill and a one-time payment from Pacific Gas and Electric for participation in a tree removal program;

- Department of Environmental Resources Waste-to-Energy Program – A decrease in revenue of $5.5 million and an increase in expenditures of $8.4 million resulting from the change of this budget from a special revenue fund to an agency fund in the current fiscal year. The expenditure increase was due to a significant transfer out ($16 million) from the special revenue fund to set up funds in the new agency fund;

- Department of Planning and Community Development Redevelopment Agency – A decrease in expenditures of $2.2 million due to the dissolution of the Stanislaus County Redevelopment Agency as of February 1, 2012, per the State of California Redevelopment Agency Dissolution Act (ABx1 26);

- Department of Planning and Community Development Special Revenue Grants – A decrease in revenue of $800,000 and expenditures of $1 million due to a greater level of activity in the Neighborhood Stabilization Program in the prior fiscal year;

- Department of Public Works Local Transit – An increase in revenue of $1.1 million compared to the same period last year is due to the timing of the receipt of Local Transportation Funds and Proposition 1B funding;

- Department of Public Works Road and Bridge – A decrease of $7.8 million in revenue and $5 million in expenditures compared to the same period last year is twofold. Due to the uncertainty of the State budget, Public Works was forced to delay some projects in Fiscal Year 2009-2010 that were completed in Fiscal Year 2010-2011. In addition, approximately $6 million of Federal American Recovery and Reinvestment Act (ARRA) funds were distributed in Fiscal Year 2010-2011. These funds were used for two resurfacing projects, increasing expenditures and associated revenues in Fiscal Year 2010-2011. ARRA funding was one-time funding that is not available in the current fiscal year; and

- Department of Public Works Morgan Shop – A decrease of approximately $1 million in revenue compared to the same period last year is due to an accounting error that was posted as a credit in expenditures instead of revenue, understating revenue by $740,000. A correcting entry was processed in January 2012. Actual revenues at third quarter were $2,561,011 compared to $2,765,022 during the same period last year. A decrease in expenditures of $1 million compared to the same period last year is due to the delay in purchasing alternative fueled vehicles this fiscal year.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES – GEER ROAD LANDFILL

The Department of Environment Resources is requesting a $460,000 increase in appropriations in order to end the year within budget. Revenues for this operating fund come from operating transfers in, from Fund 6016, the Geer Road Landfill Post-Closure Fund. The Geer Road Landfill Post-Closure Fund's cash balance as of March 1, 2012 was $1,703,658. The Geer Road Landfill is an inactive landfill that stopped accepting waste in 1990 and went through an official closure in accordance with State of California requirements in 1995. The Closure Fund was established at that time to support post-closure monitoring and maintenance. This one-time request is attributable to ongoing costs associated with the Cease and Desist Order that was issued in November 2010 by the State of California. Specifically, $300,000 is for well drilling associated with the Groundwater Plume Investigation and $160,000 is for well drilling work that is associated with optimizing the Groundwater Extraction and Treatment System.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Environmental Resources - Geer Road Landfill	$460,000	$460,000	$0	Additional well drilling (Groundwater Plume Investigation and Groundwater Extraction and Treatment System) associated with the Cease and Desist Order issued by the State of California and funded through the Post-Closure account.
Total	$460,000	$460,000	$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue in the amount of $460,000 funded from an operating transfer from the Geer Road Landfill Post-Closure account.

PLANNING AND COMMUNITY DEVELOPMENT – SPECIAL REVENUE GRANTS

Stanislaus County is a participating member in the Turlock/Stanislaus County Home Investment Partnership Program (HOME) Consortium and receives a proportional share of annual grant funding to be used for down payment assistance, housing rehabilitation, etc. The adopted budget submitted for Fiscal Year 2011-2012 was based on the current fiscal year allocation. During the first nine months of this fiscal year, a greater amount of program activity has occurred than originally anticipated, exhausting most of the available funds. There is available grant funding from previous fiscal years and at this time the Planning and Community Development Department is requesting an increase in estimated revenue and appropriations in the amount of $140,000. This amount will enable staff to continue with program activity for the remainder of this fiscal year.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Planning and Community Development - Special Revenue Grants	$140,000	$140,000	$0	Grant funding to provide additional assistance in programs such as down payment, housing rehabilitation, etc.
Total	$140,000	$140,000	$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue in the amount of $140,000 from grant funding from the State of California HOME program.

SUMMARY

Overall, appropriations and estimated revenue for A Well Planned Infrastructure System are recommended to increase by $600,000.

Efficient Delivery of Public Services

COUNTY DEPARTMENTS

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

Efficient Delivery of Public Services

OVERVIEW

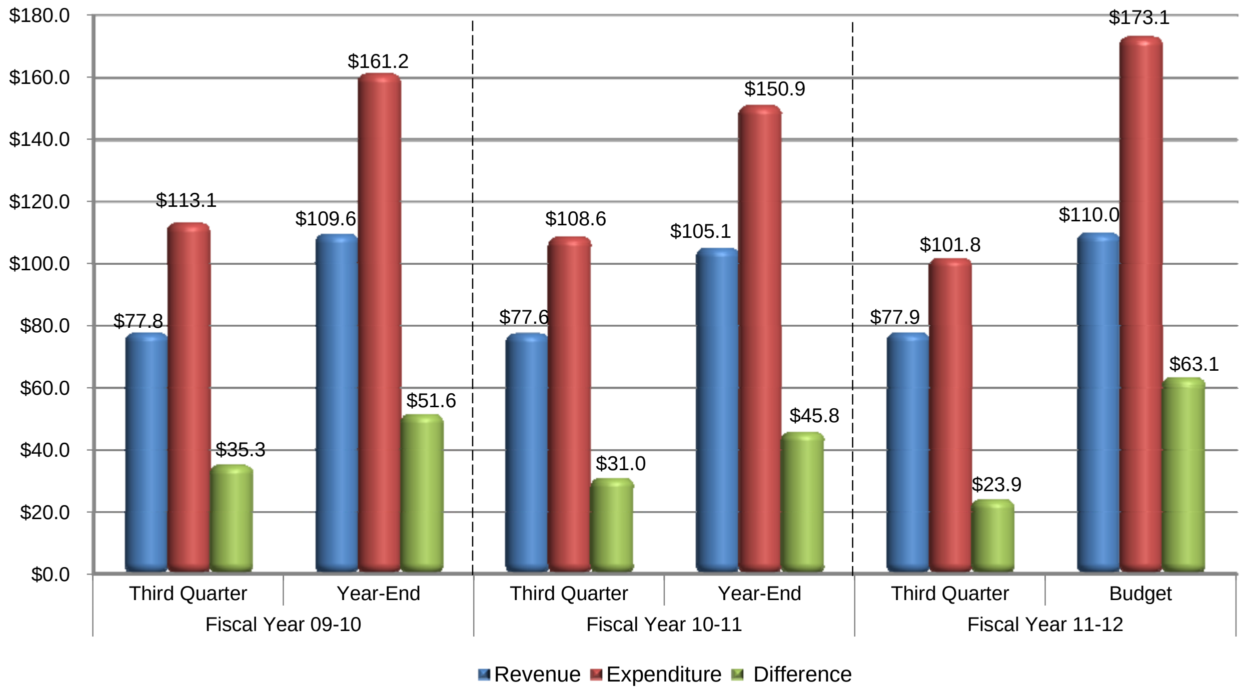
The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base and to serve these customers efficiently, it is important to consistently understand and review how to improve County services. Departments 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, 2012, actual revenue collected is $77.9 million, which represents 70.8% of the estimated annual revenue. This is below the range when compared to third quarter of the prior two years when collections were 71% and 73.8% of the final actual revenue. As of March 31, 2012, expenditures were $101.8 million, representing 58.8% of the budgeted appropriations. Expenditures at third quarter of the prior two years were 70.2% and 72% 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 Fund - A $1.4 million increase in revenue due to the timing of the allocation in Public Facilities Fees and Criminal Justice Facilities Fees;
- Chief Executive Office – General Fund Contribution to Other Programs – A decrease of $1 million in expenditures due to the elimination of General Fund contributions to four programs in this budget and limiting funding to mandated programs, programs that carry a contractual obligation, or are based on policy decisions by the Board of Supervisors;
- Chief Executive Office – Mandated County Match – A $3 million increase in expenditures due to the timing of the claims process in CSA Services and Support, IHSS Provider Wages, CSA Public Economic Assistance, and HSA Clinics and Ancillary Services;
- Chief Executive Office – General Fund Match Vehicle License Fee - A $3.4 million decrease in expenditures and estimated revenues due to the reduced funding received during the 2011-2012 Fiscal Year. This is due to a new realignment fund that was established through Assembly Bill 118. As part of this bill, the vehicle license fee portion formerly designated for Mental Health programs was diverted to the Social Services subaccount to cover an additional county share of cost for CalWORKs grants;
- Chief Executive Office General Liability Self-Insurance - A $1.8 million decrease in expenditures and a $1.6 million decrease in revenue due to the defense and settlement of various cases in the previous year that were reimbursed by excess insurance revenue;

- Chief Executive Office Purchased Insurance - A $6.7 million decrease in expenditures from the same time last year as a result of claims lag in the first quarter of the new self-funded medical plan; and

- Chief Executive Office Workers' Compensation Self-Insurance - Estimated revenue is approximately $3.4 million higher than that of the same period last year due to the $4 million increase in departmental charges this fiscal year. Expenditures have also increased by approximately $1.3 million due to higher claims expenses and increased insurance premiums in the current fiscal year.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ASSESSOR

Staffing Requests: The Department is requesting to restore an unfunded Supervising Appraiser position. This position was unfunded at Mid-Year 2011-2012 but after further analysis, the Department has determined that the expertise at a higher level is necessary to meet the constitutional requirements of the Assessor's Office. This position will be funded by eventually unfunding two vacant Appraiser III positions that will become vacant once internal promotions occur.

ASSESSOR STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Assessor	1	2261	Supervising Appraiser	Restore unfunded position	Restore vacant position
ASSESSOR CHANGES	1				
Beginning Allocation	57				
Changes in Allocation	1				
Ending Allocation	58				

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

CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

Chief Executive Office County Facilities: The CEO – County Facilities budget provides funding for minor improvements and costs associated with maintaining certain County properties. This level of funding provides for elevator repairs, security at County Center III, telecommunications and internet service for the United Community Center in Grayson, utilities, building and preventative maintenance, and janitorial costs for the Ray Simon Regional Training Center, the Keyes Community Center, the Law Library, Mancini Hall, County Center III, and for other County facility related expenses.

The Fiscal Year 2011-2012 Adopted Final Budget was approved with appropriations of $374,122 and revenue of $4,000. The net county cost contribution for this budget was originally reduced approximately 25% or $92,041 from Fiscal Year 2010-2011 Adopted Final Budget level as part of the County's balancing strategy, however, this budget was approved to receive an offsetting increase in appropriations of $93,886 that were previously included in the General Services Agency Facilities Maintenance budget for 12th Street Parking Garage County facility charges such as utilities, building and preventative maintenance and janitorial costs for General Fund departments including the District Attorney.

The Fiscal Year 2011-2012 Adopted Final Budget for the General Services Agency included appropriations and estimated revenue of $41,254 from the Gallo Center for the Arts' usage of the 12th Street parking for performances, for operations and maintenance costs associated with 35 staff parking spaces and the use of all spaces approximately 50% of each year for 12 hours' duration. Since that time, a thorough review of all costs associated with the 12th Street Parking Garage has occurred to ensure the County is meeting its obligation for the Garage's financing that public use of the Garage may not exceed 10%.

At this time, it is requested to amend the Parking License Agreement with Gallo Center for the Arts, Inc. to reduce the number of staff parking spaces to those actually used, 25 and to reduce the frequency of use and number of spaces for performances to 400 spaces on 109 occasions, for a duration of eight hours per occasion. The change in performance parking is based on actual usage by Gallo Center for the Arts customers over the past fiscal year. The agreement between the County and the Center calls for reconciliation based on actual use. This amendment will enable the County to remain under the 10% maximum public use of the facility.

The recommended change in parking spaces will decrease estimated revenue by $31,533, resulting in an increased net county cost. Further, the decrease in use of staff parking spaces from 35 to 25 will decrease estimated revenue from parking license fees by $7,649, also resulting in an increased net county cost.

Further, it is recommended to amend the Maintenance Agreement with the Gallo Center for the Arts, Inc. to reflect current labor rates charged for maintenance services. This rate will be adjusted annually to reflect the average weighted labor rate that is set each year during the budgeting process. There is no impact to the General Fund associated with this item.

Additionally, this budget unit has incurred ongoing operational and maintenance costs for utilities, security, and weed control for the vacated Finch Road Animal Services site that were not previously budgeted. The total estimated cost to maintain this site through fiscal year end is approximately $20,000.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Chief Executive Office-County Facilities	$59,182	$0	$59,182	Increase appropriations and estimated revenue by $59,182 for increased costs associated with 12th Street Parking Garage Maintenance and Operations (M&O)Agreement and for ongoing operation and maintenace of Finch Road Animal Services facility funded by discretionary revenue.
	$0	$0	$0	
Total	$59,182	$0	$59,182	

Summary of Recommendations: It is recommended to increase appropriations by $59,182 to be funded by General Fund fund balance.

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 2010-2011 and has identified additional estimated payment obligations totaling $240,715 above the original $1.2 million budgeted for this obligation in the 2011-2012 Final Budget.

It is requested that appropriations be increased by $240,715 in order to fully fund the County's obligations to the North McHenry Revenue Sharing Agreement with the City of Modesto.

Mandated County Match: The CEO-Mandated County Match budget includes funding for programs that have a State or Federal requirement for local dollars as match or maintenance of effort in order to receive State and Federal funding. In addition, a contingency amount of $2,931,393 is included in this budget for current and future exposures caused by State or Federal budget actions, reductions in realignment revenue and further economic downturns as described on Page 22 in this Third Quarter Report.

The Community Services Agency (CSA) has completed a thorough Fiscal Year 2011-2012 third quarter projection for all of its budgets and has identified the need of additional County Match in order to fully fund the In-Home Supportive Services (IHSS) Provider Wages budget, the CSA-IHSS Benefits budget, and the CSA-Public Economic Assistance budget. The County Match related to the increase in each of these budgets includes $343,824 in IHSS Provider Wages, $41,103 in CSA-IHSS Benefits, and $1,352,930 in CSA-Public Economic Assistance. The additional $1,737,857 in County Match general funds will draw down $3,628,810 overall in Federal and State revenues for these budgets.

It is requested to reduce the CEO-Mandated County Match Contingency account by $1,737,857 to fund additional mandated costs in the Community Services Agency budgets.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
CEO - General Fund Contribution to Other Programs	$240,715	$0	$240,715	Fully fund County's obligation under the N. McHenry Revenue Sharing Agreement with City of Modesto.
CEO - Mandated County Match	$343,824	$0	$343,824	Funding for IHSS Provider wages from the Mandated Match Contingency account.
CEO - Mandated County Match	$41,103	$0	$41,103	Funding for IHSS Benefits from the Mandated Match Contingency account.
CEO - Mandated County Match	$1,352,930	$0	$1,352,930	Funding for Public Economic Assistance for Foster Care costs from the Mandated Match Contingency account.
CEO - Mandated County Match Contingency	($1,737,857)	$0	($1,737,857)	Reduce Mandated County Match Contingency account for CSA Mandated costs.
Total	$240,715	$0	$240,715	

Summary of Recommendations: It is recommended to increase appropriations by $299,897 overall in the CEO - County Operations budgets. This results in a $299,897 decrease in the General Fund.

CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT

Medical Self-Insurance: The Department is projecting the employee Medical Self-Insurance budget to exceed appropriations and estimated revenue by approximately $1.5 million at year-end. On January 1, 2012 this budget transitioned from accounting for Stanislaus County's medical insurance costs in a fully funded health plan to processing actual claims for medical, pharmacy, and administration costs for employees of Stanislaus County, special districts, COBRA participants and early retirees in a self-funded model. The revenue in the fully-funded model represents the County's cost only, funded through charges from departments. It did not include any of the employees' share of costs. The new self-funded model reflects funding from all sources, including employees' share of costs and revenue from special districts, COBRA participants and early retirees. Due to the additional revenue sources, it is estimated that medical insurance will exceed estimates by $1.5 million. The Department is also requesting to increase appropriations by that same amount, with the assumption that expenditures will track with revenue.

Workers' Compensation: The Workers Compensation budget is projected to exceed appropriations and estimated revenue by approximately $600,000 at year-end. Expenditures related to the settlement of various claims are tracking much higher than budgeted and also higher than the same period for the last five years. This is the result of increased efforts to resolve and close out several long-standing claims with significant future exposure for long-term medical care. The Workers' Compensation program has a $500,000 self-insured retention, which means that claims exceeding $500,000 will be reimbursed by the excess insurance carriers above that amount. Since some claims have exceeded the County's self-insured retention, revenue to offset the additional $600,000 in appropriations is expected to be received from excess insurance carriers, resulting in no effect on retained earnings.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Chief Executive Office - Risk Management Medical Self-Insurance	$1,500,000	$1,500,000	$0	Increase Appropriations and Revenue due to the various changes in the sef-funded plan
Chief Executive Office - Risk Management Workers' Compensation	$600,000	$600,000	$0	Increase Appropriations and Revenue to account for settlement of various claims and reimbursement revenue from excess insurance carriers
Total	$2,100,000	$2,100,000	$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue in the amount of $2,100,000 due to the changes in the Risk Management Division funds.

CLERK RECORDER - ELECTIONS

At mid-year, the Clerk Recorder received $281,466 in additional appropriations to fund the Presidential Primary Election. The Department is now requesting an increase of $96,622 in appropriations to fund additional costs for the Presidential Primary Election due to new legislative requirements pertaining to the "top two primary" law and recently realized costs such as the rental of openers for vote by mail envelopes and rental of the Mobile Mini for additional space to accommodate polling booths. Also included in the requested $96,622 is approximately $30,000 for extra-help employees to validate signatures. An unprecedented number of statewide initiatives requiring partial and full manual signature verifications were received this fiscal year necessitating an increase in staffing to accomplish this mandated process. Sixty additional initiatives and referenda are in current circulation of which 50 require signature verification prior to June 30, 2012.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Clerk Recorder Elections	$96,622		$96,622	Increase Appropriations due to additional costs for the Presidential Primary Election which will be funded from Fund Balance.
Total	$96,622	$0	$96,622	

Summary of Recommendations: It is recommended to increase appropriations by $96,622 to fund additional Presidential Primary costs as well staffing for signature verification funded from Fund Balance.

GENERAL SERVICES AGENCY

<u>12th Street Office Building:</u> The 12th Street Office Building is jointly owned by Stanislaus County, Stanislaus County Employees Retirement Association (StanCERA), and private developer Westland Development Corporation. Due to an increase in commercial insurance costs and a new contract for Pest Control services, an increase in appropriations and revenue of $2,200 is requested. The increased will be funded through the normal billing process of the three partners who approved to the adjustment on March 19, 2012 at the 12th Street Condominium Association Management Committee meeting.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
GSA - 12th Street Office Building	$2,200	$2,200	$0	Increase in commercial insurance and new pest control service contract.
Total	$2,200	$2,200	$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue in the amount of $2,200 for the increase in commercial insurance and pest control services.

STRATEGIC BUSINESS TECHNOLOGY

The Department is requesting to transfer $15,000 in appropriations from Services and Supplies to Fixed Assets to upgrade one VMware server. There was $162,802 budgeted for the Human Resource Management System (HRMS) PeopleSoft 9.1 Upgrade project; the upgrade project is completed and a portion of the budgeted appropriations was not needed. The Department has encumbered $75,000 that will remain for future PeopleSoft projects. The purchase of the VMware server will replace older server equipment with newer, more reliable technology.

Telecommunications: As technology has advanced in the past six years and the Call Manager servers “end-of-support” approaches, SBT Telecommunications has planned to update the Voice over Internet Protocol (VoIP) infrastructure and software. This includes five Call Manager servers and one Call Center server. The cost to upgrade the VoIP infrastructure is estimated at $74,985, which includes replacing existing servers. The Department is requesting to transfer $42,521 in appropriations from Services and Supplies to Fixed Assets for the communication equipment purchase for the Call Manager and IP Call Center upgrade projects. The remaining project cost of $32,464 will be covered through various Services & Supplies accounts.

Budget Unit	Recommended			Description
	Appropriations	Revenue	Fund Balance/ Retained Earnings	
Strategic Business Technology	($15,000)		($15,000)	Transfer from Services & Supplies to Fixed Assets to upgrade one VMware server.
Strategic Business Technology	$15,000		$15,000	Transfer to Fixed Assets from Services & Supplies to upgrade one VMware server.
SBT - Telecommunications	($42,521)		($42,521)	Transfer from Services & Supplies to Fixed Assets to purchase Communication Equipment.
SBT - Telecommunications	$42,521		$42,521	Transfer to Fixed Assets from Services & Supplies to purchase Communication Equipment.
Total	$0	$0	$0	

Staffing Requests: The Department is requesting to reclassify a vacant Staff Services Coordinator position downward to an Application Specialist III. This position would be assigned to the SBT Help Desk. Currently there is one Application Specialist III assigned to the Help Desk but due to the workload and call volume, two Application Specialists are needed to meet the needs of the SBT customers. The Department is further requesting to reclassify a vacant Sr. Software Developer/Analyst laterally to a Sr. Systems Engineer. SBT services are growing and SBT continues to bring new customers into the Data Center by providing server and data storage resources. The complexity of the work requires the skills of senior level staff to continue to provide these new services. Often work is performed after hours and on weekends to provide the least amount of impact to the customers to effectively and efficiently maintain and provide upgrades and implementation to the core systems. The schedule and volume of current and future projects demand senior level staff be available during normal working hours in addition to meeting after-hours needs. There is one Senior Systems Engineer overseeing the Data Center, Servers and Desktop services, however, the work load requires two Senior System Engineers to meet the current demands.

STRATEGIC BUSINESS TECHNOLOGY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Strategic Business Technology	1	2174	Staff Services Coordinator	Reclassify downward	Application Specialist III
Strategic Business Technology	1	2267	Sr Software Developer/Analyst	Reclassify laterally	Sr Systems Engineer

Summary of Recommendations: It is recommended to decrease appropriations in Services & Supplies and increase Fixed Assets by $57,521. It is further recommended the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for Efficient Delivery of Public Services are recommended to increase by $2,498,719 and $2,102,200 respectively, which results in an increase of $396,519 in the use of General Funds.

DEPENDENT LIGHTING DISTRICTS

As part of the Adopted Final 2011-2012 Budget, spending plans were estimated and appropriations were approved for the dependent Lighting Districts governed by the Board of Supervisors to allow them to operate in the fiscal year. Third quarter analysis reveals that, due to unexpected repairs related to vandalism and traffic accidents and/or increased utility, rates some of these districts need an increase in appropriations.

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

Dependent Lighting Districts

Fund	District Name	Adopted Final Budget 2011-2012	Budget Adjustment Recommended	Total Adjusted Budget
1855	Deo Gloria	$ 3,320	$ 500	$ 3,820
1862	Hillcrest	$ 10,563	$ 1,000	$ 11,563
1872	Salida	$ 109,577	$ 3,000	$ 112,577
1875	Tempo Park	$ 6,658	$ 750	$ 7,408
	Total	$ 130,118	$ 5,250	$ 135,368

Hillcrest and Salida experienced either a light standard having to be replaced as the result of a traffic accident, vandalism or stolen wiring. Each of these occurrences resulted in expenditures of $2,000-$3,000. Deo Gloria and Tempo Park had higher than average street light failure requiring more maintenance than originally anticipated as well as vandalism in Tempo Park.

Year-end fund balances are projected to be sufficient to cover the requested increased appropriations. All of the lighting districts listed have an approved formula for calculating the annual assessment. The Department has begun factoring into the annual assessments a capital replacement component to ensure that adequate funds are available in the future to cover any emergency costs.

Summary of Recommendations: It is recommended to increase appropriations in the Dependent Lighting Districts by $5,250 to more accurately reflect the revised estimated costs of services provided to these districts.