Mid-Year Financial Report
July—December 2012

BOARD OF SUPERVISORS

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INTRODUCTION

The following is the Chief Executive Office's Mid-Year Financial Report for the period of July 2012-December 2012 for the 2012-2013 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's financial status at the mid-point of this fiscal year. 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 2012. It also identifies and provides the status of the County's ongoing challenges and possibilities.

While the Mid-Year Report primarily deals with the status of the County's budget as of December 31, 2012, it also includes a look forward at the significant budget challenges facing county government, as well as a discussion other challenges and opportunities currently being faced.

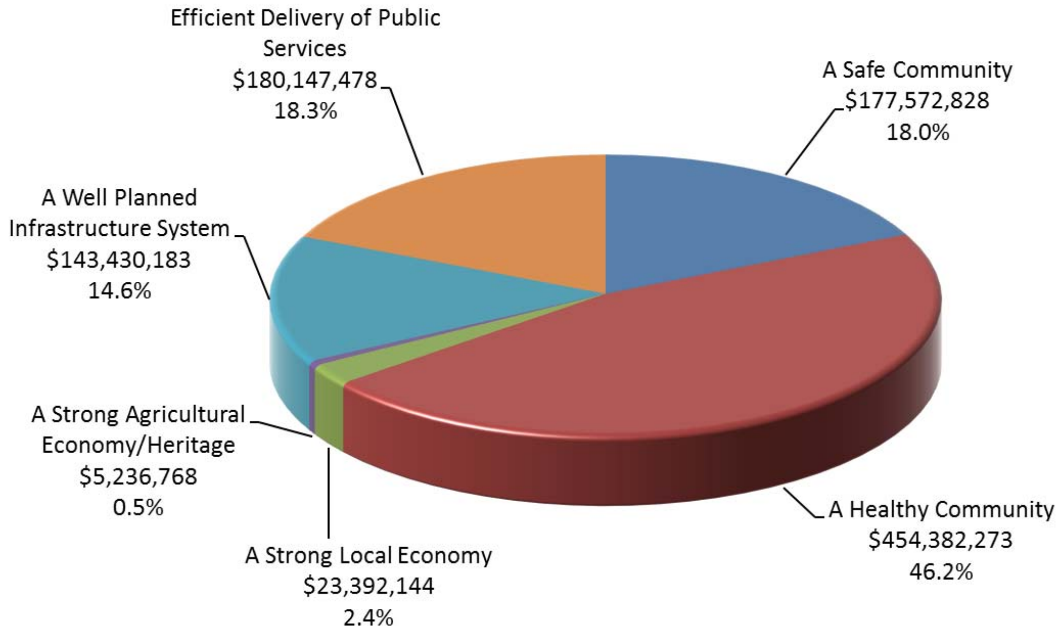
BACKGROUND

On September 11, 2012, the Board of Supervisors adopted the Fiscal Year 2012-2013 Final Budget for Stanislaus County. This spending plan of $984.2 million for all funds reflected a 3.2% increase from the 2012-2013 Proposed Budget of $954.1 million and a 10.4% increase from the 2011-2012 Final Budget of $891.1 million. The 10.4% increase was primarily attributable to additional appropriation of $48.5 million in the Public Works – Road and Bridge budget for two critical projects (Kiernan Interchange and Claribel Road widening) programmed in the 2012-2013 Fiscal Year. The 2012-2013 Final Budget was balanced using a combination of $930.7 million in revenue and $53.4 million in fund balance and one-time funding sources.

The Final Budget is adjusted throughout the year. These adjustments include savings or carryover appropriations for obligations from the previous fiscal year, adjustments as part of quarterly financial reports such as the First Quarter Financial Report, Mid-Year Financial Report or Third Quarter Financial Report, as well as adjustments approved as part of any separate Board of Supervisors Board Agenda item. When coupled with the Final Budget, these adjustments constitute the County's Operating Budget.

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

Fiscal Year 2012-2013
Final Budget Expenditures
By Board Priority
$984,161,674



2012-2013 FIRST QUARTER ADJUSTMENTS

The 2012-2013 First Quarter Financial Report reflected a fiscal review of department budgets which recommended an overall appropriations increase to the operating budget for all funds of $2,082,007 and an overall decrease in estimated revenue of $28,294. These adjustments result in an overall increase in the use of departmental fund balance/retained earnings of $2,110,301. All of the approved First Quarter Financial Report adjustments were funded by non-general fund sources. The recommended increases were primarily within the Sheriff's Department, Behavioral Health and Recovery Services, Library and Strategic Business Technology.

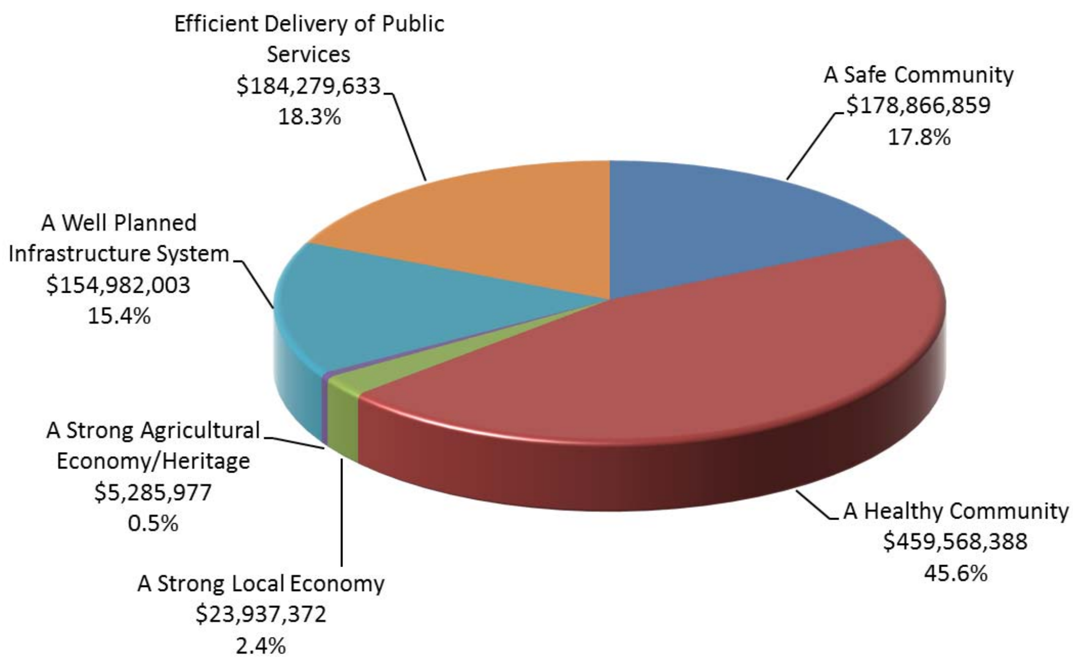
The Sheriff received an increase in appropriations and revenue to purchase and equip transport vehicles and Behavioral Health and Recovery Services require an increase in appropriations in the Managed Care budget due to an increase in psychiatric inpatient hospitalization usage of beds at the Doctors Behavioral Health Center. The Library received an increase in appropriations as a result of receiving additional one time State funding to fund the ReadingWorks adult literacy program. Strategic Business Technology Department received funding to restore an unfunded position to support the Oracle Financial Management System. Along with all of the above mentioned adjustments, technical adjustments were recommended for the District Attorney, Health Services Agency and the Chief Executive Office – Risk Management.

SUMMARY OF OTHER ADJUSTMENTS

The Final Budget is adjusted each year by including appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors, however, not fully completed. Funding for these projects is identified as assigned fund balance by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. Also included in the Final Budget are any departmental savings that are carried forward into the current fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board of Supervisor action agenda items. The sum of these adjustments through December 31, 2012 total $7,265,562. This reflects $2,082,007 in funding that was approved in the First Quarter Financial Report and $5,183,555 in budget adjustments approved by the Board of Supervisors in the current fiscal year through December 2012.

The following chart reflects the adjusted budget by Board of Supervisors priority as of December 31, 2012:

Fiscal Year 2012-2013 Adjusted Operating Budget
Expenditure by Board Priority
$1,006,920,232 as of December 31, 2012



MID-YEAR FINANCIAL REPORT SUMMARY

The 2012-2013 Mid-Year Financial Report reflects a fiscal review of departmental budgets, a cash analysis by fund as of mid-year and recommended adjustments. After the requested Mid-Year adjustments, all departments are on target to finish the year within their approved budgets with the exception of some mandated match programs and the County's Medical Self-Insurance Fund (Employee Health Insurance) which will be addressed at Third Quarter. The Chief Executive Office's mid-year recommendations include a total increase in appropriations of $28,369,456 and an increase of estimated revenue of $32,532,037. If approved, the recommendations contained in this report will result in a decrease in the use of Fund Balance by $4,162,581.

Summary of Fund Balance by Fund Type					
Fund Type	**Beginning Fund Balance on 7/1/2012**	**Legal Budget Revenue on 12/31/2012**	**Legal Budget Appropriations on 12/31/2012**	**Mid-Year Recommendation Use of Fund Balance**	**Projected Fund Balance on 6/30/2013**
General Fund	$ 115,518,602	$ 227,891,341	$ 262,236,746	$ (12,995,388)	$ 94,168,585
Special Revenue Fund	211,774,786	560,848,059	589,043,739	8,008,175	175,570,931
Capital Projects Fund	22,959,137	1,532,000	792,010	-	23,699,127
Enterprise Fund	13,023,101	58,797,929	66,301,914	-	5,519,116
Internal Service Fund	25,007,665	85,484,927	88,545,823	824,632	21,122,137
Total	**$ 388,283,291**	**$ 934,554,256**	**$ 1,006,920,232**	**$ (4,162,581)**	**$ 320,079,896**

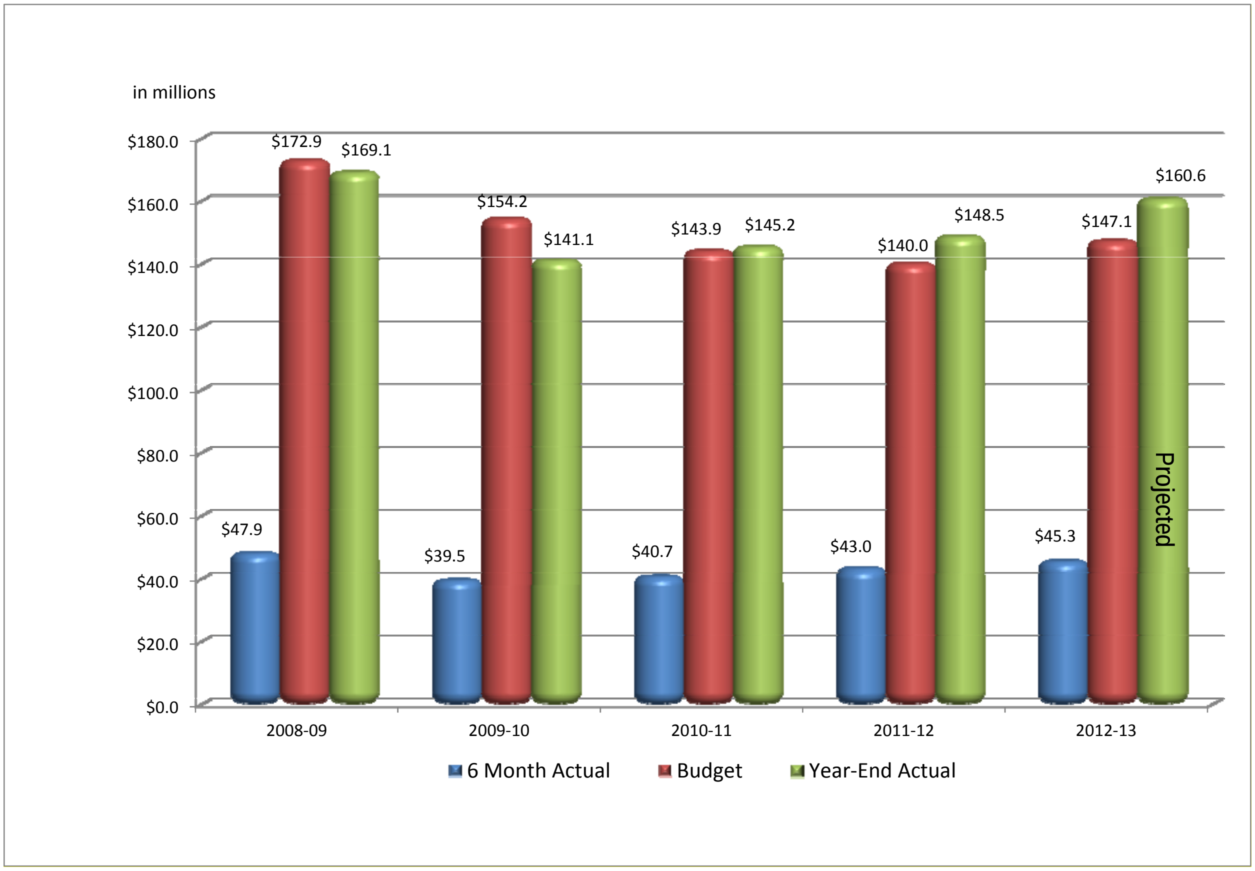
GENERAL FUND UPDATE

Discretionary Revenue

As of December 31, 2012, $45.3 million was posted to the General Fund discretionary revenue accounts. This amount represents 30.8% of the 2012-2013 Final Budget amount of $147.1 million and 30.5% of the actual collections of $148.5 million in Fiscal Year 2011-2012. Typically, discretionary revenue collected at this point of the fiscal year ranges from 25.6% to 30.7% of the Final Budget and from 28.0% to 29.0% of the total year actual collections when looking at the prior four years. This comparison indicates that discretionary revenue is marginally higher than 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



Projected revenue for year-end is $160.6 million, approximately 9% or $13.4 million higher than the Final Budget, largely due to the one-time revenues for the anticipated $7.9 million loan repayment of the property tax monies borrowed by the State for the Supplemental Revenue Augmentation Funds (SRAF) pursuant to Proposition 1A (2004) and the $2.5 million received for dissolution of the Redevelopment District Agencies (RDA). Additionally, various revenue sources are showing stronger than anticipated results through the first six months of the fiscal year, and the projected increase will be used to assist in funding some of the mid-year requests recommended in this report. Further adjustments may be necessary as year-end approaches and will be addressed during the third quarter review. A total increase of $13.4 million to the budget is requested at this time, of which of $7.65 million will be assigned and $327,136 will be committed, in respective categories of the General Fund balance at year end.

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

Taxes: Included in this category are property related taxes (secured and unsecured, supplementals, redevelopment pass-through increment, property tax received in lieu of vehicle license fees, property transfer tax), the 1% sales and use taxes, in lieu of sales and use tax and transient occupancy tax. The $10.4 million one-time revenues for the SRAF loan repayment and RDA dissolution are included in this category.

The projections for year-end indicate that revenue from the collection of taxes will come in approximately $10.8 million higher than budgeted. Current secured property tax apportionments as well as property tax received in-lieu of vehicle license fees are projected to be short of legal budget by $713,000 and $1,062,000 respectively, while sales and use tax revenue is projected to come in nearly $1.65 million higher than budgeted. In addition, the in-lieu of sales and use tax revenue (also referred to as "Triple Flip") will exceed budget by $364,000. The recommendation is to increase the Taxes category by approximately $10.8 million to reflect the overall increase projected.

Licenses, Permits and Franchises: Revenue received in this category is the result of franchise agreements with PG&E, AT&T and Comcast and Charter cable companies. Fee revenue is received from AT&T and the cable companies quarterly but the bulk of the revenue comes from PG&E once a year, during the latter half of the County's fiscal year. This revenue account is on target to meet the budgeted amount of $975,000, provided the revenue from PG&E remains consistent with last year.

Fines, Forfeitures and Penalties: The revenue in this category comes from penalties assessed and costs associated with delinquent property taxes. Typically, most of the revenue is posted in the second half of the fiscal year, and many times not until the year-end close. Last fiscal year (2011-2012), $4.4 million was posted by year-end, as collections continued from foreclosed properties. A budget of $4 million for the current fiscal year was established based on a trend over the past three years of declining collections. While there is still uncertainty in the local real estate market, it appears that delinquent charges have continued to decrease and consequently, it is prudent to be conservative and decrease this revenue source to more realistically line-up with year-end projections. It is therefore recommended to decrease this revenue category by $100,000, bringing the total to $3.9 million.

Revenue from Use of Money: Interest earned on the County's pooled cash and collection of rents and leases of County owned property are the sources of revenue in this category. The interest rate earned by funds on deposit in the County treasury is adjusted quarterly and ranged from a high of 1.3% to a low of 0.9% during the previous fiscal year. In comparison, the rate for the first two quarters of Fiscal Year 2012-2013 has ranged from 1.2% to 1.1%. Interest postings through two quarters indicate a stronger showing than originally anticipated due to a larger cash balance, and an increase of $297,000 to the budget is in order.

Intergovernmental Revenue: The main source of revenue in this category is from the one-half cent Sales and Use Tax for local public safety services, also known as Proposition 172. This revenue source supports only the General Fund budgets of the District Attorney, Probation, and Sheriff. Revenues collected by the State Board of Equalization are apportioned to each county based on proportionate shares of statewide taxable sales. The Proposition 172 Allocation from the local Public Safety Fund is up from the prior fiscal year for the first four months of the current fiscal year period ending December 2012 (note: the Prop 172 fiscal year begins in September of each year). Although the current allocation is up nearly 6% over last year we are recommending a more conservative approach to increase the 2012-2013 Final Budget of $33.5 million by $1.5 million.

Other sources of revenue in this category include State realignment dollars, Homeowner's property tax relief revenue, DMV Vehicle License Fee (VLF) in excess and small amounts of Federal Revenue. For the VLF in excess revenue, we are recommending to establish a budget of $228,100 in this mid-year budget to reflect the actual annual payment received already, and since we have confirmation that this revenue should be received annually as long as there is an excess statewide, an average amount will be budgeted in future budgets. Additionally, approximately $424,000 of one-time SB90 revenue has been received. Overall, the recommendation is to increase this revenue category by approximately $2.1 million.

Charges for Services: Included in this category are revenues resulting from the recovery of the costs associated with the administration of the supplemental property tax adjustments (SB 813), adjustments made to the Countywide Cost Applied Plan and now, revenue received from assessments levied to Williamson Act landowners per the enactment of SB 863. The revenue for the administration of the supplemental property tax adjustments is projected to be $175,000 less than the Final Budget and a mid-year budget adjustment is requested. SB 863 provides an opportunity for counties to offset a portion of the loss of Williamson Act Subvention funds by establishing new contracts with the landowners enrolled in the program. The changes reduce the landowner's property tax benefits, reduce the term of the contract and allow revenues to be collected by the County as a special assessment on their property tax bill. The SB 863 special assessment revenue is recommended to be maintained at $1.4 million. Overall, the recommendation is to decrease the Charges for Services category by approximately $175,000.

Miscellaneous Revenue: Minor deposits to Miscellaneous Revenue include unclaimed monies, unclaimed estates and cancelled (or stale-dated) warrants. Since amounts and timing of this revenue source is difficult to predict, it is typically not budgeted in the Proposed and Legal budgets. We are however requesting a mid-year budget adjustment of $69,370 to reflect the actual revenue received as of December 31, 2012.

Other Financing Sources: Interest earned on the Tobacco Endowment Fund as well as operating transfers in for the Animal Services debt payment are the only revenue sources expected in this category this year. A mid-year budget increase is requested for slightly over $109,161 to reflect the actual earnings posted in August on the Endowment Fund. An additional increase of $327,140 is requested to reflect the Animal Services debt payment revenue. Overall, the recommendation is to increase the Other Financing Sources category by approximately $436,301.

The following chart summarizes the Mid-Year Projections and recommended changes for the Discretionary Revenue budget:

Discretionary Revenue Description	Fiscal Year 2011-2012 Actual	Fiscal Year 2012-2013 Final Budget	Fiscal Year 2012-2013 Projections	Recommended Adjustments
Taxes	$ 101,873,203	$ 101,965,800	$ 112,777,658	$ 10,811,858
Licenses, Permits & Franchises	992,963	975,000	975,000	-
Fines, Forfeitures & Penalties	4,448,541	4,000,000	3,900,000	(100,000)
Revenue from Use of Money	2,125,707	1,642,000	1,939,000	297,000
Intergovernmental Revenue	35,495,400	35,069,000	37,205,440	2,136,440
Charges for Services	287,979	991,347	816,370	(174,977)
Miscellaneous Revenues	393,066	-	69,370	69,370
Other Financing Sources	2,974,398	2,498,054	2,934,355	436,301
Total	$ 148,591,256	$ 147,141,201	$ 160,617,193	$ 13,475,992

Recommended Budget Adjustment: Adjustments to the overall discretionary budget totaling a net increase of $13,475,992 million are recommended at mid-year. As we approach year-end and more of the revenue is posted, additional adjustments may be recommended with the Third Quarter Report as necessary.

General Fund – Classification of Fund Balance

The five classifications of the fund balance of the General Fund are Non-spendable, Restricted, Committed, Assigned and Unassigned. Non-spendable, Restricted and Committed are the most restrictive categories and are legally or contractually obligated portions of fund balance. The Unassigned fund balance is the least restrictive and is technically available for any purpose. The Chief Executive Office has been authorized by the Board of Supervisors to assign portions of the Unassigned fund balance for specific purposes such as debt service, carryover appropriations, contingencies and budget balancing.

As detailed in the Adopted Final Budget, assignments made by the Chief Executive Office included increasing Contingencies by $6 million in keeping with the new Contingency Reserve Policy and adding $3.1 million to assist with budget balancing; the committed fund balance was increased by $4.3 million as a result of repayment on the Animal Services debt and for possible exposure related to pending litigation regarding the Property Tax Administration fees.

Fund Balance strategies for the remainder of the fiscal year consist of an increase of nearly $8 million to the Committed and Assigned classifications. A recommendation is made to increase the Committed fund balance by $327,126 due to a payment on the Animal Services facility debt. The Assigned classification includes a $3.2 million increase to Contingencies which will bring us to the target established in the Final Budget Contingency Reserve Policy of at least 8% of the average Discretionary Revenue received over the preceding three fiscal years. Additionally $450,000 will be assigned for the Salida Park and $4 million will be assigned as the County match portion for the SB 1022 application for jail replacement construction funding.

The Operating (or Legal) Budget for the General Fund has increased by $2.7 million since the adoption of the Final Budget. This is primarily due to encumbrances that have rolled forward from the prior year and will be covered by existing fund balance that was set-aside at year end. The mid-year recommendations reflect a $13 million net increase to fund balance mainly due to the receipt of one-time Discretionary Revenue. The fund balance for the General Fund at year-end is projected to be just under $94.2 million.

GENERAL FUND	2012-2013 Beginning Fund Balance	2012-2013 Final Budget Strategies	2012-2013 Mid-Year Adjustment Strategies	2012-2013 Projected Changes to Fund Balance	Adjusted Fund Balance for Budget Year 2012-2013
Fund Balance - Nonspendable:					
Fund 100 - Fair value adjustment	$ 1,065,530	$ -	$ -	$ -	$ 1,065,530
Fund 105 - Fair value adjustment	16,018	-	-	-	16,018
Fund 107 - Fair value adjustment	13,903	-	-	-	13,903
Imprest Cash	91,835	-	-	-	91,835
Advances to other funds	100,000	-	-	-	100,000
Advances to other governments	372,069	-	-	-	372,069
Economic Development advances	4,224,715	-	-	-	4,224,715
Teeter receivable	16,101,383	-	-	-	16,101,383
Deposits with others	-	-	-	-	-
Prepaid items	216,186	-	-	-	216,186
Encumbrances	1,105,150	-	-	(1,105,150)	-
Total Nonspendable	$ 23,306,789	$ -	$ -	$ (1,105,150)	$ 22,201,639
Fund Balance - Restricted:					
Tax Loss Reserve	$ 3,766,553	$ -	$ -	$ -	$ 3,766,553
Total Restricted	$ 3,766,553	$ -	$ -	$ -	$ 3,766,553
Fund Balance - Committed:					
Various Programs and Projects	$ 1,535,387	$ 4,297,677	$ 327,136	$ -	$ 6,160,200
Capital Acquisition	1,300,000	-	-	-	1,300,000
Total Committed	$ 2,835,387	$ 4,297,677	$ 327,136	$ -	$ 7,460,200
Fund Balance - Assigned:					
Contingencies	$ 2,367,934	$ 6,033,740	$ 3,200,000	$ -	$ 11,601,674
Tobacco Settlement and Securitization	-	-	-	-	-
Retirement Obligation	8,800,000	-	-	-	8,800,000
Teeter Plan	16,986,968	-	-	-	16,986,968
Carryover Appropriations (100)	1,611,449	-	-	(1,611,449)	-
Carryover Appropriations (105)	-	-	-	-	-
Carryover Appropriations (107)	59,360	-	-	-	59,360
75% Carryover Appropriations (100)	13,887,741	-	-	(13,887,741)	-
Encumbrances	-	-	-	-	-
Encumbrances-Econ Development	84,800	-	-	-	84,800
Debt Service	10,950,000	-	-	-	10,950,000
Assigned - Other	384,546	-	4,450,000	-	4,834,546
Budget Balancing	14,600,000	3,133,210	-	(17,733,210)	-
Total Assigned	$ 69,732,798	$ 9,166,950	$ 7,650,000	$ (33,232,400)	$ 53,317,348
Fund Balance - Unassigned					
General Fund (100)	$ 13,464,627	$ (13,464,627)	$ (7,977,136)	$ 13,157,393	$ 5,180,257
Economic Development Bank (105)	926,605	-	-	-	926,605
Community Development Bank (107)	1,485,843	-	-	(169,860)	$ 1,315,983
Total Unassigned	$ 15,877,075	$ (13,464,627)	$ (7,977,136)	$ 12,987,533	$ 7,422,845
TOTAL FUND BALANCE	$ 115,518,602	$ -	$ -	$ (21,350,017)	$ 94,168,585

CASH REVIEW

General Fund Overall Cash Position

The beginning cash position for Fiscal Year 2012-2013 was higher by $10.6 million from the beginning of last fiscal year largely due to the Net County Cost carryover savings departments were able to strategically save for future challenges. As of mid-year, the General Fund cash balance is $46.8 million compared to $42.7 million for the same period last fiscal year, resulting in an increase of $4.1 million in cash over last fiscal year. The increase isn't as great as was seen in the beginning of the Fiscal Year since an additional $7.1 million in fund balance over last fiscal year was used in order to balance the budget. Another factor contributing to the cash balance is department's use of their Net County Cost carryover savings due to an increase in retirement rates and the loss of the Property Tax Administration Fee.

	2011-2012	2012-2013	Difference
Beginning Balance	$53,928,957	$64,558,979	$10,630,022
Mid-Year	$42,688,293	$46,816,106	$ 4,127,813

Special Revenue Funds Overall Cash Position

As of mid-year, the Special Revenue Funds cash is at $108.9 million compared to $115.3 million for the same period last fiscal year—approximately a 6% decrease. The following is an explanation of the most significant variances when comparing this time period to the prior year.

- Behavioral Health and Recovery Services experienced a decrease in Mental Health of $6.8 million and Managed Care of $4.5 million. The former was a result of the timing of accounts receivable and the latter was due to increased hospitalization costs. These were offset slightly by a $1 million increase in Mental Health Services Act (MHSA) due to changes by the State as to how MHSA funding is distributed to Counties;

- The Children and Families Commission saw a $1.4 million decrease consistent with the Commission's plan to spend down reserves over the next few years. The Community Services Agency (CSA) experienced a $3.1 million increase in the Services and Support and $2.7 million decrease in Public Economic Assistance both due to timing of advances and the timing of State reimbursement of claims filed for actual expenditures;

- The CSA In Home Supportive Services Provider Wages budget also reflects a $1.3 million increase as a result of one-time receipts of realignment growth owed to Stanislaus County for Fiscal Years 2007-2008 through 2010-2011, as well as prior year Federal funding that was received as a refund of prior year county share payments due to the Community First Choice Option approval. Receipt of this revenue allowed a corresponding return to County Match and reallocation to fund other critical mandated social service programs such as Foster Care;

- Environmental Resources experienced a $1.7 million increase due to the increase of fees collected for services, an increase of sales tax and vehicle license fee revenue, and reduced expenditures;

- The Library had a significant increase of approximately $1.5 million, attributed in large part to the additional sales tax received and funding from external sources for literacy programs;

- The $1.9 million decrease in Public Health is due to the timing of expenditures that are made on various grants and/or State and Federal programs, and the timing of the invoicing to receive cash reimbursement;

- The Public Works Road and Bridge fund demonstrated a $2.6 million decrease due to expenditures on locally funded road projects, primarily the 2012 Chip Seal and the Las Palmas intersections projects. In addition, Public Facility Fee (PFF) project funds are transferred into the Road and Bridge fund when contracts are awarded which may result in significant variations in the cash position from one year to the next; and

- The Special Revenue Fund is made up over 100 other funds that are budgeted annually and make up the remaining net decrease.

Capital Projects Funds Overall Cash Position

As of mid-year, the Capital Projects Funds cash is at $6.6 million compared to $25.3 million for the same period last fiscal year. The primary variances include a decrease of $8.3 million from Redevelopment and a decrease of $9.9 million from Redevelopment – Housing Set-Aside, which resulted from the Redevelopment Dissolution Act legislation that directed these funds be transferred to the Redevelopment Obligation Retirement Fund.

Enterprise Funds Overall Cash Position

As of mid-year, the Enterprise Funds cash is at $9.9 million compared to $3.6 million for the same period last fiscal year. The variance is primarily attributable to accounting adjustments within the Health Services Agency Clinics and Ancillary Services budget

Internal Service Funds Overall Cash Position

As of mid-year, the Internal Service Funds cash is at $37.6 million compared to $33.5 million for the same period last fiscal year. There are no budgets that have a significant cash deficit in these funds. Cash may fluctuate during the fiscal year due to changes in rates and costs in the self-insurance budgets, progress on technological or telecommunication projects, or changes in the demand for service by user departments.

CHALLENGES AND OPPORTUNITIES

Retirement

It is anticipated that the 2013-2014 Employer retirement contribution rates will increase an average of just over 16% over Fiscal Year 2012-2013 rates. The Actuarial, with the new proposed rates, was recently approved by the StanCERA Retirement Board at their February 13, 2013 meeting.

Health and Human Services

Behavioral Health and Recovery Services continues to experience an increase in inpatient psychiatric hospitalization admissions and costs related to Doctor's Behavioral Health Center. The significant increase is due to several factors including: an unprecedented increase in bed usage, an increase in the rate paid to the hospital, and a larger portion of uninsured patients for which the County has full responsibility. If this trend continues, the Department anticipates that the entire fund balance, that has supported a variety of mental health programs such as Managed Care and Public Guardian (a mandated County function), will be depleted in Fiscal Year 2013-2014. Behavioral Health and Recovery Services continues to work with the Chief Executive Office on implementing strategies that curtail costs and preserve scarce reserves. On November 13, 2012, a strategic plan for the 24/7 Secure Mental Health Services was approved by the Board of Supervisors that recommended a continuum of care be developed. The centerpiece of the continuum is the development of a 16-bed Psychiatric Health Facility (PHF) to provide a lower cost option for hospitalizations to help mitigate the County's costs for services needed. The PHF will allow for certain patients to be placed in a lower level of care alternative and provide additional psychiatric capacity. It is anticipated that the PHF will be in operation by January 2014. The Request for Proposals process for both design (architectural and engineering) of the facility and the future operator are well under way. The Department continues to explore other options for Public Guardian with the understanding that the current funding model is not sustainable.

The Community Services Agency continues to face funding shortfalls in its Public Economic Assistance budget, in the programs of Foster Care and Extended Foster Care, Adoptions Assistance and Kinship Guardianship Assistance Payment Program (Kin-GAP). The 2012-2013 Adopted Final Budget identified unmet needs of $3.5 million in mandated County share of costs. As of the midyear point, the unmet need has dropped to $1.1 million as the result of the one-time receipt of four years of 1991 Realignment growth funds. The Department will continue to monitor activity in these programs and a recommendation will be made to the Board as part of the Third Quarter Financial Review to resolve the remaining unmet needs.

The In-Home Supportive Services (IHSS) program currently includes a mandated County share of cost. As a result of the State Budget, the program is changing to a Maintenance of Effort (MOE) model; however, the State has not yet received Federal approval of this change nor has it issued instructions to counties on how to implement the MOE. The Community Services Agency anticipates the MOE model will increase the annual mandated County cost of the program by approximately $365,000 in the current year and by $657,000 annually in future years. The Department will continue to monitor actual caseloads, costs and State instructions on the new IHSS financing model and will provide an update to the Board as part of the Third Quarter Financial Report.

The Health Services Agency continues to project that it will be unable to maintain the required level of services to qualified Medically Indigent Adults (MIA) nor meet the County's mandated requirements without additional funding of approximately $4.5 million in the current fiscal year. An adjustment is necessary to the Indigent Health Care budget as part of mid-year due to increased utilization and program changes. The increase is intended to be funded for this year only through the use of retained earnings available in the Clinics and Ancillary Services. Also in progress is a pending revision of existing County policy to change the MIA Program Hardship Eligibility Income Limit from 223% of the Federal Poverty Guidelines (FPG) to an age-banded methodology. A public hearing will be conducted on March 5, 2013 for the Board to consider this change in policy. The fiscal impact of this change will be dependent on the actual enrollees and the associated medical costs of the care provided.

Property Tax Administration Fees

In November 2012, the California Supreme Court ruled in favor of cities relating to the methodology used to calculate the property tax administration fees (PTAF) on property taxes attributed to the Triple Flip and the Vehicle License Fee (VLF) Swap. This decision will reduce County revenue by approximately $800,000 this fiscal year. The departments affected by this ruling are the Assessor's Office (75%); the Treasurer-Tax

Collector (14%); the Auditor's Office (7%); and the Clerk of the Board (4%). These departments will be expected to absorb a portion of the revenue loss by utilizing any prior years' Net County Cost savings carried over into the 2012-2013 Fiscal Year, prior to any additional General Fund assistance. This represents an annual on-going loss of revenue and further recommendations to address this will be included as part of the 2013-2014 Recommended Proposed Budget. The County continues to work with the cities on the development of a settlement agreement to address the collection from prior years.

Capital Projects

Jail Construction and Expansion – The Honor Farm Replacement project is underway with the construction of a new 192 bed Housing Unit at the Public Safety Center. The existing staff from the Honor Farm (and staff funded from the Community Corrections Partnership Plan Phase 1 and 2) will operate the new modern 192-bed facility scheduled to be complete in the Fall of 2013. The Honor Farm will then be closed and an estimate of close out costs will be prepared in the coming months.

The AB 900 Phase II Jail Expansion was approved on September 11, 2012 by the State of California Public Works Board and Architectural Design is under way for the Projects: Project 1 – construction of a minimum of 384 new maximum security beds and 72 beds in a medical/mental health unit; Project 2 – Programs/Day Reporting Facility; and Project 3 – Support Facilities, Intake, Release and Transportation, which is a 100% County Public Facility Fee funded project. On an aggressive design-build schedule, the facilities could be completed by the Fall of 2016. The long-range model will be adjusted to forecast the cost of opening these expanded jail facilities later in Fiscal Year 2016-2017. Upon construction completion, the staffing and transition to the new jail facilities will be phased based on the County's economic recovery. Full occupancy of all available jail beds at the Public Safety Center site following AB 900 construction completion may result in an additional 72 positions needed with an increased General Fund obligation estimated to be $7.7 million annually. The Companion Facility and corresponding functions constructed by Public Facilities Fees, if fully staffed, may result in an additional 22 positions needed with an increased General Fund obligation of approximately $2.3 million.

SB 1022 Jail Construction Funding – On June 27, 2012, the State of California approved Senate Bill (SB) 1022, authorizing state lease-revenue bond financing for the construction of adult local criminal justice facilities. Up to $500,000,000 in funding will be available to all California counties with a maximum award per medium-sized county of $40,000,000 and would require ten percent in local matching funds, up to $4 million. Stanislaus County is uniquely positioned to pursue this funding opportunity as a means to construct and create additional bed capacity and inmate programming space at the Public Safety Center, to move the County closer to the goal of closing the aging Downtown Jail.

Juvenile Commitment Facility (SB81) Project – Construction of the 60 bed Juvenile Commitment Facility is on time and under budget, and will be completed in the Spring of 2013. The County is required to operate the new facility within 90 days of its final completion which will be June 28, 2013. From 45 to 60 court committed/sentenced youth can be relocated to the new facility, with the concurrent transfer of existing staff. Operational design efficiencies will reduce staffing ratios previously required in the older facility, with a zero net change to General Fund personnel costs in the initial years to open and occupy the facility. As future arrest numbers and population increases, vacant beds at the juvenile hall can be re-occupied with personnel costs estimated to be approximately $460,000 for every 10 beds that are filled.

Relocation of the Coroner, Public Administration, Video Visitation and Medical Records – In December 2011, the Board of Supervisors approved the re-use of the former Medical Arts Building at 700 17th Street, Modesto, California as the new permanent location of the Sheriff-Coroner Facility and also approved a financing plan for the relocation of the Coroner's Facility from its current location on Oakdale Road in Modesto. The approved project budget of $5,155,918 includes a Coroner's Facility built to meet population projections to Year 2030. The new facility will also incorporate the public visitation center of the inmate video visitation system linking jail inmate visitations to families and visitors through video conferencing equipment and software. Additional medical records storage is also included in the project. Schematic design documents for the project have been approved by the Board. The County will seek a design-build contractor to abate and demolish portions of the existing Medical Arts Building and for the design-build construction contractor to perform the tenant improvements. Project completion is scheduled for Spring 2014.

Improving Aging Facilities and Updating County Facility Infrastructure – Various facilities throughout the system are rapidly aging and are in need of repair and renovation. The Juvenile Justice Facility including the Juvenile Hall and Probation Administration building located at 2215 Blue Gum Avenue, in Modesto, California was constructed in 1976, and the Probation Administration wing was added in 1978. Over the past several years, the heating, ventilation, and air conditioning (HVAC) system has developed a number of operational deficiencies due to the age of the system and several key components are failing. As a result, the HVAC system is challenged to adequately service the building, which has a significant impact on the annual utility costs at the facility. Additionally, the roofs of the Juvenile Hall and Administration wing have exceeded their life expectancy and leak. The total estimated cost to replace and upgrade the HVAC system and to replace the roofs is $4.1 million. The Board of Supervisors has approved a project scope and financing plan for the project using General Fund fund balance from the CEO – County Facilities budget. Staff continues work on the project including selecting an architecture and engineering team to assist with evaluation and project design.

The Strategic Business Technology (SBT) Data Center Improvements project is nearing completion. This project will relocate the SBT computer server room and related physical infrastructure from 801 11th Street to the Stanislaus Regional 9-1-1/Emergency Services facility at 3705 Oakdale Road, Modesto. The project will provide critical database infrastructure and enhanced safety, security, fire protection and capacity for the County's data center; as well as provide enhanced protection at 3705 Oakdale from power outages caused by power failure, fire or other critical events.

State Budget Update

The Governor released his proposed budget for Fiscal Year 2013-2014 on January 10, 2013. He announced the budget deficit was gone and there would soon be surpluses, but also cautioned lawmakers to exercise fiscal discipline over the coming year.

Based on the projections of the Governor's staff, the "Wall of Debt" for the State will be at $27 billion at the end of June 2013, down from $34.7 billion at the end of 2010-2011. The debt will continue to decrease to a projection of $4.3 billion by the end of 2016-2017.

The proposed budget assumes $98.5 billion in revenue and $97.7 billion in expenses.

The Governor projects growth of 2011 public safety realignment funds by approximately $77 million. CSAC has a working group trying to develop a formula for allocation of the "growth funds" to counties. The working group will submit the formula to the State Department of Finance (DOF) for consideration; however, the final allocation authority rests with DOF.

The Governor stated he was moving to implement the Affordable Care Act with a focus on Medi-Cal expansion. He is proposing two options, one that is a county-based option and one that is state-based. County staff is watching these closely for local impacts and policy implications.

The Prop 1A loan repayment of $7.9 million to Stanislaus County is expected to occur from the Fiscal Year 2012-2013 state budget in late June 2013. Cash flow for the State of California is appearing to stabilize, as indicated by monthly reports from the State Controller's Office.

Self-Insurance Funds

Overall department charges for health insurance have experienced modest inflation, while the potential for future higher increases remain in the County's medical self-insurance program. Premium rates charged for the medical self-insurance program were increased 3.75% in January 2013, and were partially offset by a reduction in the rates charged for dental and vision insurance. Overall, combined department charges for medical, dental and vision insurance increased approximately 2% in January 2013, a reduction from the original estimated 5% to 7% inflation included in most department budgets.

The County's new medical self-insurance program completed its first year of operation on December 31, 2012. The County's insurance consultants and health plan vendors will finalize and report out on all incurred claims and revenue generated in the first year by April 2013, with the results to be included in the Third Quarter budget report. Any funding deficit (or surplus) identified in the program will be calculated into the premium rates charged effective January 2014.

County leadership continues to evaluate the impacts of the Patient Protection and Affordable Care Act (healthcare reform). Although the County's medical insurance program complies with most aspects of the new law, several new provisions of the law will be implemented in January 2014 and will require the County to evaluate the impact of the new regulations on the current benefit and eligibility standards in place for all County employees.

A Safe Community

COUNTY DEPARTMENTS

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

A Safe Community

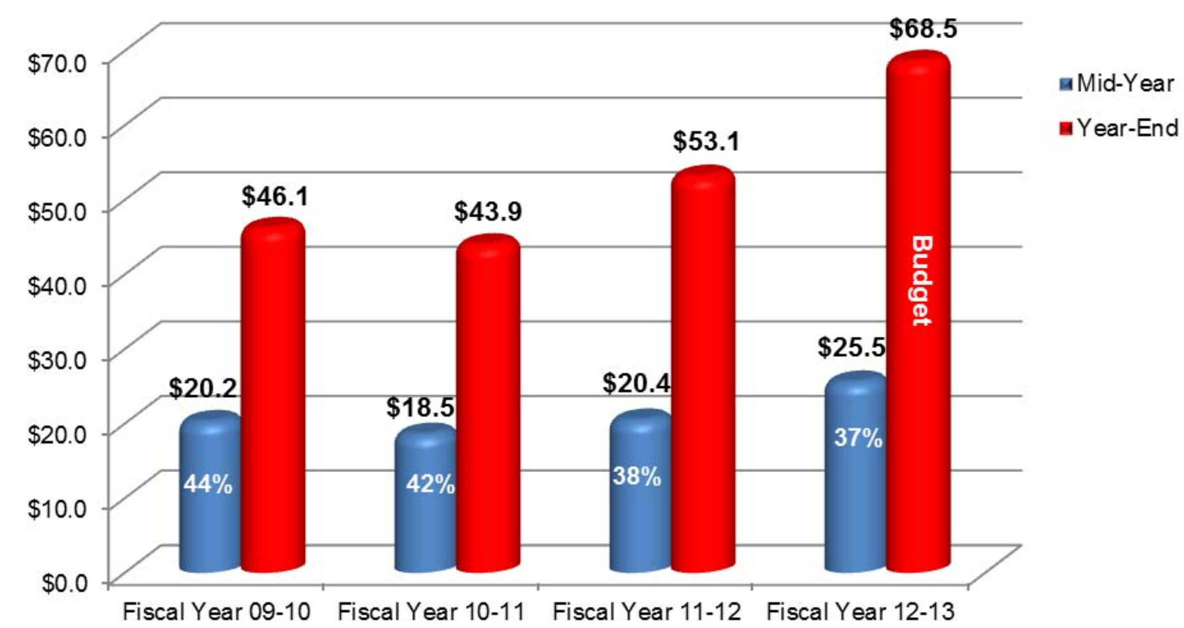
OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

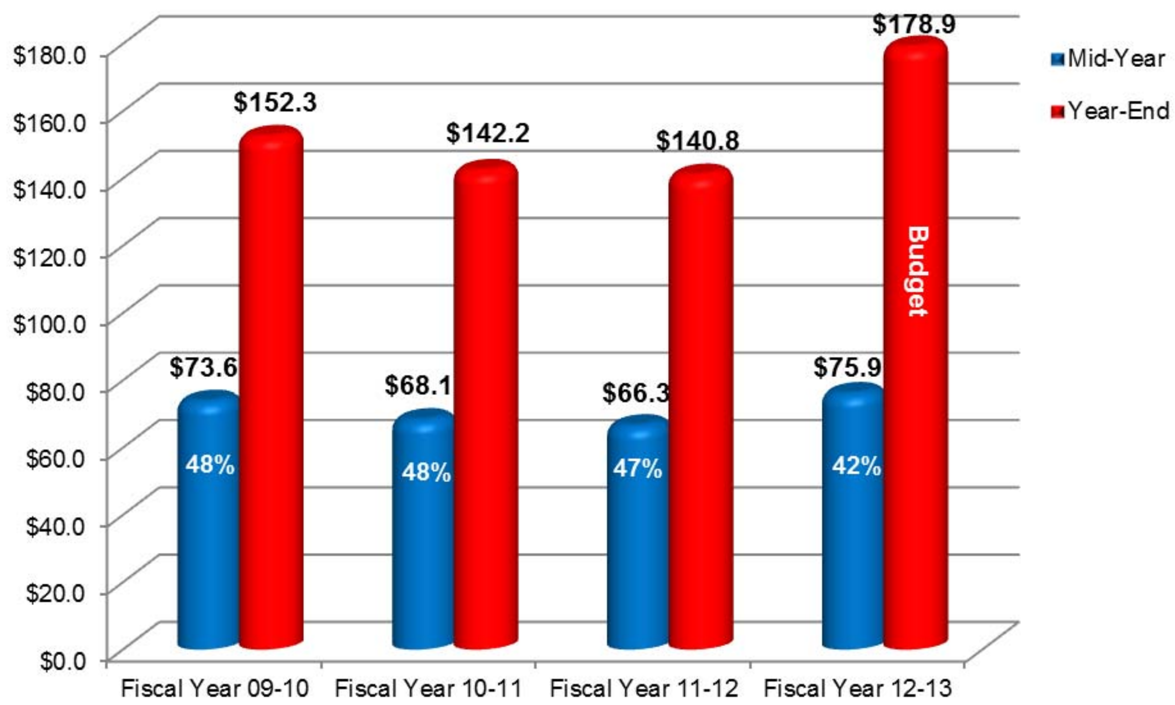
For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of December 31, 2012, actual revenue collected is $25.5 million, which represents 37% of the estimated annual revenue. This is slightly below the range when compared to the mid-year point of the prior three years when collections ranged from 38% to 44% of the final actual revenue.

A Safe Community
Four Year Revenue Comparison



As of December 31, 2012, expenditures are $75.9 million, representing 42% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 47% to 48% of the final actual expenditures, placing this year below the range. The lower percentage of expenditures at mid-year compared to budget is partially attributable to approximately $8.5 million of net county cost savings which departments are planning to not use and carry-over into the 2013-2014 Budget Year and to the difficulty our law enforcement agencies are having in recruiting qualified applicants, resulting in salary savings.

A Safe Community
Four Year Expenditure Comparison



Overall, the departments within A Safe Community are on track to end the year within budget and in a positive fiscal position.

The recommendations contained in this report for A Safe Community will increase appropriations by $1,145,591 and estimated revenue by $822,052 funded by $8,250 from an increase in Discretionary Revenue and $315,289 in fund balance/retained earnings.

MID-YEAR ISSUES AND RECOMMENDATIONS

CEO – COUNTY OPERATIONS

County Court Funding: Based on the Chief Executive Office's mid-year projections, the County Court Funding budget is showing a noticeable decline in revenue collected from Court fines and fees. Additionally, rent revenue for the leases of Court Department 16 (801 11th Street) and the Hall of Records (1100 I Street) will decrease due to the Court completely vacating Department 16 space and downsizing on the lease of the Hall of Records space. It is anticipated that the 801 11th Street space will be leased again in the third quarter of this fiscal year to the Probation Department for their Interim Day Reporting Center, and after this partial offset, the revenue loss is projected to be $47,000. For the anticipated downsize of the Hall of Records lease, the revenue loss is projected to be $6,000 per month, or about $30,000 for the remainder of this fiscal year assuming that the downsize begins in February 2012. Thus, the total rent revenue loss in this fiscal year is estimated to be $77,000. Although the decline in total revenue will not materially impact the current appropriations in this budget, there could be an additional net county cost burden at year-end of about $577,000 for the rent revenue loss and if the Court revenue does not improve. The Chief Executive Office will continue to monitor the Court revenue collections as the fiscal year progresses and, if necessary, a budget adjustment to increase the net county cost will be recommended with the Third Quarter Report or with a Board item prior to fiscal year-end close.

CEO – OFFICE OF EMERGENCY SERVICES

The Office of Emergency Services (OES) budget is part of the County Budget and is supported additionally by the Modesto Regional Fire Authority Joint Powers Agreement (MRFA JPA). This budget is anticipated to end the year within budgeted appropriations and estimated revenue. The recent restructuring of the MRFA JPA has increased staffing and changed their responsibilities. The OES staffing plan is being reviewed by the Chief Executive Office for final modifications in preparation of the Proposed Budget for Fiscal Year 2014-2015. Training and planning capabilities will be impacted based on the reduction of funding for the Homeland Security Grant Program at the Federal level. It should be noted that for the past several years, funds from the grants have allowed the Office of Emergency Services to contract with trainers and planners to supplement the County's emergency management responsibilities. The reduction of this funding will have a direct impact to this area of responsibility. Such is the case for the existing fire and law enforcement radio system infrastructure and the multi-phased project (Regional Interoperable Communication) which was previously presented to the Board. The Office of Emergency Services will continue to explore other funding opportunities and strategies as grant funding for these critical programs are reduced or eliminated.

A recruitment will be initiated to replace the Assistant Director of the Office of Emergency Services/Fire Warden. While this position will have a dual responsibility to the Modesto Regional Fire Authority and Stanislaus County, it will continue to report to the Stanislaus County Chief Executive Officer who is the Director of Emergency Services.

County staff is working with the City of Modesto to improve the functionality of cell phones for use and access during emergency situations. As such, a quote was received by HipLink from Los Gatos, CA in the amount of $16,500 to assist with needed telecommunication software applications. HipLink is a local business focused on smartphone mobile applications. This project will require coordination between the County and the City for implementation and both jurisdictions have agreed to equally share in the cost of these improvements. Stanislaus County will cover the full cost of the project and anticipates receiving revenue in the amount of $8,250 from the City of Modesto as reimbursement for their contribution of the project costs.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Chief Executive Office - Office of Emergency Services	$8,250	$16,500	$0	$8,250	Increase in appropriations and estimated revenue to cover costs associated with the HipLink smartphone application for County/City emergency response/evacuation preparation, planning and communication. County and City to equally share in the cost of the innovation.
Total	$8,250	$16,500	$0	$8,250	

Staffing Requests: The Department is requesting to reclassify one Manager II position upward to Manager III at the Office of Emergency Services (OES). This position is responsible for the day to day operations of OES, including oversight of staff and the maintenance of the Emergency Operations Center (EOC). This position represents OES on local and State committees and develops the objectives for the emergency management function in Stanislaus County and implements those objectives. The core objectives for the Modesto Regional Fire Authority (MRFA), OES Division are to provide the planning and direction for emergency preparedness and response within the Stanislaus Operational Area and to maintain the EOC and Alternate EOC in a state of readiness.

The Department is also requesting to reclassify one Confidential Assistant III position upward to Confidential Assistant IV at the Office of Emergency Services (OES). Since the inception of the MRFA, this position has been assigned to oversee the administrative staff and to support the Fire Chief, Deputy Chief and two Division Chiefs. The combination of the three agencies that formed the MRFA created the need for a diverse set of skills and abilities. This position has been given the responsibility for the development of technical and administrative policies and procedures and to develop reports to distribute to State and national-wide levels. In addition, this position has been assigned as the Clerk of the Board of Directors for two agencies, MRFA and the Salida Fire Protection District, and is charged with ensuring that each respective Board is in compliance with all applicable rules, laws and guidelines of governance.

The Department is further requesting to double fill the Assistant Director of OES/Fire Warden position in the Office of Emergency Services for a maximum of three months. The current Assistant Director of OES/Fire Warden is retiring in June 2013. It is essential to double fill the position to allow for on-the-job training between the incumbent and his replacement so the replacement may learn the critical functions of the position. This action will allow for a smooth transition and provide continuity of services for this key position. The Department has sufficient funding for the double fill.

CEO/OES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Office of Emergency Services	1	11087	Manager II	Reclassify upward	Manager III
Office of Emergency Services	1	10247	Confidential III	Reclassify upward	Confidential Assistant IV
Office of Emergency Services	1	8394	Assistant Director of OES/Fire Warden	Double fill position	Double fill up to 3 months

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $16,500 and $8,250 respectively, requiring an additional General Fund contribution of $8,250. It is further recommended the staffing changes described and outlined in the table above be adopted.

DISTRICT ATTORNEY

Auto Insurance Fraud Prosecution: The Department is requesting an increase in appropriations of $1,698 due to minor increases in payroll costs, to be funded by program fund balance.

Office of Traffic Safety Impaired Driver Vertical Prosecution: The Department is requesting a decrease of $17,420 in appropriations and estimated revenue due to the final grant award from the Office of Traffic Safety reflecting a reduction to the original application amount.

Real Estate Fraud: Government Code Section 27388 concerning Real Estate Fraud, allows a fee to be applied to Real Estate documents filed in Stanislaus County, to fund real estate fraud deterrence, investigation and prosecution. Recent legislation has added additional documents which may be subject to this fee. The Department is also seeing an increase in the number of recorded documents and therefore requests an increase of $50,600 in estimated revenue and $7,368 in appropriations, resulting in a $43,232 decrease in the use of program fund balance.

Rural Crimes: This program was initiated with funding granted by legislative action and was funded through revenue collected by the Vehicle License Fee (VLF) to be used for personnel costs in the Sheriff's Department to combat rural and agricultural crimes. Funds were administered by the District Attorney's office, but utilized by the Sheriff's Department. This program is now being funded through the State "Realignment" process and funds go directly to the Sheriff's Department. A small amount of unbudgeted additional funding from prior years' Vehicle License Fees has been received by the California Emergency Management Agency (Cal EMA). The Department is requesting an increase of $2,271 in appropriations and an increase of $5,080 in estimated revenue to reflect the additional award amount. The difference of $2,809 in revenue will completely offset the negative fund balance caused by an increase in the allocation that occurred late last fiscal year.

Unserved/Underserved Victims Advocacy and Outreach: The Department is requesting an increase of $7,116 in appropriations and estimated revenue as a technical adjustment to correct for differences in estimated costs and revenue versus actuals.

Vertical Prosecution Block Grant: A small amount of unbudgeted additional funding from prior years' Vehicle License Fees has been received by Cal EMA. The funding awarded is for a new allotment of Local Safety Protection Act payments received from Fiscal Year 2010-2011. These funds must be expended by June 30, 2013 and no additional funding is anticipated since this funding source has been eliminated from the State budget. The Department is requesting an increase of $2,408 in appropriations and estimated revenue to reflect the additional award.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
District Attorney-Auto Insurance Fraud	$0	$1,698	$1,698	$0	Increase appropriations due to increase in payroll costs. Funded by program Fund Balance.
District Attorney-Impaired Driver Vertical	($17,420)	($17,420)	$0	$0	Actual grant award lower than applied and budgeted.
District Attorney-Real Estate Fraud	$50,600	$7,368	($43,232)	$0	Additional revenue anticipated from charges for service.
District Attorney-Rural Crimes	$5,080	$2,271	($2,809)	$0	Additional unanticipated grant funds awarded.
District Attorney-Unserved/Underserved	$7,116	$7,116	$0	$0	Technical adjustment-grant awarded on Federal Fiscal Year. First Quarter payment higher than projected.
District Attorney-Vertical Prosecution	$2,408	$2,408	$0	$0	Additional unanticipated grant funds awarded.
Total	$47,784	$3,441	($44,343)	$0	

Staffing Requests: The Department is requesting to add a new classification and position of Research Attorney in order to have an attorney on staff who has specialized skills in research and writing.

In the 2011-2012 Third Quarter Financial Report, the Department requested a classification study of one Senior Criminal Investigator. During the last couple of years the Department has had reduced management level positions. This has resulted in the reassignment of work to the Senior Criminal

Investigator. The Senior Criminal Investigator now has greater responsibility in the overall operations of the Criminal Investigation unit. Those duties are equal to those of a Lieutenant in the Sheriff's Department.

DISTRICT ATTORNEY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Criminal Division	1	NEW	Research Attorney	Add new job classification and position	Study
Criminal Division	1	1392	Sr Criminal Investigator	Reclassify upward	Lieutenant

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $47,784 and $3,441 respectively in the District Attorney's departmental budget, resulting in a decrease in the use of fund balance of $44,343. It is further recommended the staffing changes described and outlined in the table above be adopted.

INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM

The Integrated Criminal Justice Information System (ICJIS) program is funded by charges to the County justice departments (Sheriff, Probation, District Attorney and Public Defender). The ICJIS Management Team agreed to reduce charges to the Sheriff by $14,632 because the contractor allocated to the Sheriff's office was reallocated to general ICJIS activities. This decrease in revenue will be offset by additional use of the ICJIS fund balance.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Integrated Criminal Justice Information System	($14,632)	$0	$14,632	$0	Reduction in revenue due to reduced charges to the Sheriff's Department offset by an increased use of Fund Balance
Total	($14,632)	$0	$14,632	$0	

Summary of Recommendations: It is recommended to decrease estimated revenue by $14,632 in the ICJIS budget, resulting in an increase in use of ICJIS fund balance of $14,632.

SHERIFF DEPARTMENT

The Sheriff's Department has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process requests to transfer appropriations among the five Sheriff budgets of Administration, Detention, Operations, Court Security and Contract Cities in order to ensure these budgets end the year in a positive position. It is recommended that appropriations transfers among the Administration, Detention and Operations budgets be granted. The Court Security budget is funded primarily through State funds as a result of AB 118 Realignment. The only costs not permitted are charges incurred as a result of the County Cost Applied Plan which are covered by the County's General Fund. Any changes to the appropriations for these charges should be brought back to the Board of Supervisors as needed prior to the end of the fiscal year. The Contract Cities budget is based on contracted reimbursement of costs incurred by the cities of Hughson, Patterson, Riverbank and Waterford. It is recommended that transfers of appropriations be granted only from the city budgets to the budgets of Administration, Detention and Operations. This would allow unused net county cost in the Contract Cities budget to be used where needed but would also prevent increases to the spending authority of the cities without specific approval.

Administration: The Sheriff's Department is requesting a transfer of $60,000 in appropriations from the Salaries and Benefits category to Fixed Assets to cover one-time expenditures for software and to replace two vehicles. The two vehicles will replace existing vehicles that are 13 years old and that Fleet Services has identified as reaching 80,000 miles of use or have become too expensive to maintain. Board of Supervisors authority is required for fixed asset transfers greater than $10,000; it is recommended that the authority for this transfer be granted.

California Multi-jurisdictional Methamphetamine Enforcement Taskforce (Cal-MMET): This program is funded through the Local Revenue Fund 2011 and is based on Vehicle License Fee revenues collected by the State. The Department is requesting an increase of $45,000 of appropriations in Fixed Assets to replace two vehicles, a narcotic canine vehicle and a surveillance vehicle. This increase will be offset by the use of fund balance. As of December 31, 2012, this budget has a positive fund balance of $215,547.

Civil Process Fee: The Civil Division provides timely and accurate civil process service to the citizens of the County and provides statewide transportation of inmates sentenced to State prison as well as State prisoners returning to court for active criminal cases. Vehicles for this transport are purchased and equipped on an ongoing basis from revenue generated in the Civil Process Fee budget. The Sheriff's Department is requesting to increase and transfer out appropriations to Detention of $300,000 for the purchase of a prisoner transportation vehicle to be funded by fund balance. As of December 31, 2012, this budget has a positive fund balance of $1,338,779.

Contract Cities: The City of Patterson received a Sobriety Checkpoint grant of $14,900 and a Distracted Driving Grant of $16,098 from the Office of Traffic Safety. These grants are administered by the City of Patterson. The Sheriff's Department invoices the City of Patterson for all grant related expenses. In addition, on June 12, 2012, the Patterson City Council approved an additional $50,000 in overtime for the police department. The Sheriff's Department is requesting an increase in appropriations and revenue of $80,998 to cover increased costs for overtime and services and supplies.

The City of Riverbank received a Sobriety Checkpoint grant of $40,830, a Distracted Driving Grant of $15,706, and a Selective Traffic Enforcement Program grant of $29,000 from the Office of Traffic Safety. All of the City of Riverbank grants are administered by the Sheriff's Department. The Sheriff's Department is requesting an increase in appropriations and revenue of $85,536 to cover the increased costs for overtime and services and supplies associated with these grants. The City of Riverbank is also planning to purchase a new patrol motorcycle. This will be funded with salary savings. The Sheriff's Department is requesting to transfer $30,000 from salary and benefits to fixed assets to fund the purchase.

Detention: The Sheriff's Department is requesting an increase of $300,000 in both appropriations and estimated revenue in the Civil Division of the Detention budget. The Civil Division provides timely and accurate civil process service to the citizens of the County and provides statewide transportation of inmates sentenced to State prison as well as State prisoners returning to court for active criminal cases. Vehicles for this transport are purchased and equipped on an ongoing basis from revenue generated in the Civil Process Fee special revenue budget. The fixed assets are part of the Detention budget and funds need to be transferred from the Civil Process Fee budget to make the proper accounting entries. Transfers in of $300,000 in revenue will offset the increase in Fixed Asset appropriations to allow for the purchase and equipping of a passenger transport vehicle. The prisoner transport vehicle is a specially designed retrofitted vehicle used to transport up to thirty-five prisoners from Stanislaus County to the North Kern County inmate reception center. The transport vehicle will have secure entry doors, driver cockpit barriers, composite seating, durable fiberglass interiors and interior surveillance cameras with digital incident recording equipment and additional safety for transporting deputies. The ability to transport thirty-five prisoners simultaneously will save the County funds in personnel time and transportation cost by having the ability to use only one vehicle per day to transport inmates.

Justice Assistance Grants: Each year the Sheriff's Department applies for the Justice Assistance Grant (JAG). These funds are distributed between the City of Modesto, Probation, District Attorney and the Sheriff's Department. The grant allows for the funding to be spent within three years. Funding from the 2011 grant has not been completely expended and was not included in the Final Budget. The Department is requesting an increase in appropriations and revenue of $228,013 in the 2012-2013 Fiscal Year. The majority of these funds will be used by the City of Modesto.

Operations: The Department is requesting to transfer $290,000 from salaries and benefits to fixed assets to cover the $90,000 cost to replace the two main rotor blades on the Sheriff's Department helicopter due to an Airworthiness Directive issued by the Federal Aviation Administration (FAA). In the 2006-2007 First Quarter Financial Report, the Sheriff's Department - Operations budget received a $100,000 transfer from Appropriations for Contingencies to fund part of the cost of a new engine for the 1997 Bell 206 L1 Long Ranger (helicopter). The agenda item stated that once the upgrade was completed, the Sheriff would sell the existing engine and the revenue generated from the sale would offset the County's General Fund contribution and the funds would be transferred back to Appropriations for Contingencies. The Sheriff's office tried for two years to sell the engine with no success. The Department approached the manufacturer of the engine, Rolls-Royce, who gave the Sheriff's Department $75,000 credit for future repairs or parts for the helicopter. The helicopter has not needed any major repairs or parts, therefore the Department still has this credit with Rolls-Royce. It is anticipated that this credit will be used in the future as the helicopters increase in age and service time. The cost of the two main rotor blades cannot be offset by this credit as Rolls-Royce does not manufacture rotor blades.

The Sheriff's Department is also requesting $200,000 for the purchase and equipping of approximately eight (8) patrol vehicles. These vehicles will replace existing vehicles that Fleet Services has identified as reaching over 100,000 miles of use or have become too expensive to maintain. There is an additional request of $79,303 in appropriations and revenue as a result of increased funding from the Domestic Violence Haven grant. Lastly in Operations, the Sheriff's Department is requesting an increase in appropriations and revenue of $6,800 due to the increase in funding received for the Electronic Traffic Citation Program.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Sheriff - Administration	$0	$60,000	$0	$60,000	Increase Fixed Assets by moving appropriations from Salaries to fund computer software and vehicle purchase.
Sheriff - Administration	$0	($60,000)	$0	($60,000)	Decrease Salaries to move appropriations to Fixed Assets to purchase computer software and vehicles.
Sheriff - Cal-MMET	$0	$45,000	$45,000	$0	Increase Fixed Assets to purchase two vehicles for the Cal-MMET Task Force.
Sheriff - Civil Process Fees	$0	$300,000	$300,000	$0	Increase appropriations in Operating Transfers Out to fund Prisoner Transport Vehicle in Sheriff - Detention.
Sheriff - Contract Cities	$80,998	$80,998	$0	$0	Increase in appropriations and revenue for the City of Patterson to cover increased costs for overtime and services and supplies.
Sheriff - Contract Cities	$85,536	$85,536	$0	$0	Increase appropriations and revenue for the City of Riverbank for increased overtime and services and supplies.
Sheriff - Contract Cities	$0	($30,000)	$0	($30,000)	Decrease Salaries to move appropriations to Fixed Assets to purchase a motorcycle for the City of Riverbank.
Sheriff - Contract Cities	$0	$30,000	$0	$30,000	Increase Fixed Assets by moving appropriations from Salaries to fund a motorcycle for the City of Riverbank.
Sheriff Detention - Civil	$300,000	$300,000	$0	$0	Increase appropriations and revenue in Operating Transfers In and Fixed Assets to fund Prisoner Transport Vehicle.
Sheriff - Justice Assistance Grant	$228,013	$228,013	$0	$0	Increase appropriations in Services & Supplies and Intergovernmental Revenue to budget 2011 Grant Funds.
Sheriff - Operations	$0	($290,000)	$0	($290,000)	Decrease appropriations in Salaries to move appropriations to Fixed Assets.
Sheriff - Operations	$0	$290,000	$0	$290,000	Increase Fixed Assets by moving appropriations from Salaries to fund patrol vehicles and equipment for the helicopter.
Sheriff - Operations	$79,303	$79,303	$0	$0	Increase appropriations and revenue due to additional funding from the Domestic Violence Haven grant.
Sheriff - Operations	$6,800	$6,800	$0	$0	Increase Fixed Assets appropriations and revenue due to additional funding for the Electronic Traffic Citation Program grant.
Total	$780,650	$1,125,650	$345,000	$0	

Staffing Requests: The Department is requesting to add a new Confidential Assistant III position in the Administration Division. This position is being requested to assist the Administrative Division with the processing of backgrounds and recruitments. This Confidential Assistant III will coordinate the backgrounds process for all applicants for the Sheriff Department, including medical providers, volunteers, interns, Stanislaus County Police Activities League (PAL) staff, contracted backgrounds (Community Services Agency and other County Departments) and other service providers that work with or enter the Sheriff's facilities. The position will also assist with the coordination of all internal and external recruitments for the Sheriff's Department. The Department has historically used extra help Deputy Sheriff or Deputy Sheriff-Custodial employees to fill the role of Backgrounds/Recruitment Coordinator. In May 2011 the Board of Supervisors approved with the Fiscal Year 2010-2011 Third Quarter Financial Report

#2001-272 for the Department to add a full time Deputy Sheriff to the Backgrounds Division. Due to legislative changes for both healthcare and public employee pension reform, increased difficulty for recruitment and retaining qualified employees, the Department is looking to transition the background/recruitment coordinator into a full time non-sworn position. A full-time non-sworn position will allow the Department to rotate sworn staff back to working in either patrol or in a detention facility and therefore provide consistency and stability to the background and recruitment division for the Sheriff's Department. The backgrounds/recruitment coordinator will work directly with both the Internal Affairs Sergeant and Human Resources Manager. The position will be funded with existing General Fund net county cost and AB109 Public Safety Realignment funding.

The Department is also requesting to restore one unfunded Storekeeper II position from Inmate Welfare and transfer the position to Administration. The role of this position is to purchase supplies and equipment for the entire Department, maintain reports and reconcile with the finance team, and supervise the Stock Delivery Clerk and Clerical Aides in the Records Division. Purchasing of equipment is currently being performed by several staff and this position will allow for a centralized system to track, monitor and purchase items uniformly for the whole Department.

SHERIFF'S DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	NEW	Confidential Assistant III	Add new position	Confidential Assistant III
Administration	1	3364	Storekeeper II	Transfer in	Transfer from Inmate Welfare
Inmate Welfare	0	3364	Storekeeper II	Restore unfunded position/Transfer out	Transfer to Administration
SHERIFF'S CHANGES	2				
Beginning Allocation	581				
Changes in Allocation	2				
Ending Allocation	583				

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $1,125,650 and $780,650 respectively in the Sheriff's departmental budget resulting in an increased use of fund balance of $345,000. It is also recommended that the Auditor-Controller and the Chief Executive Officer be given the authority to transfer appropriations among the Administration, Detention and Operations budgets and to authorize transfers out of the Contract Cities budget to ensure each budget is balanced by year-end. It is further recommended the staffing changes described and outlined in the table above be adopted.

A Healthy Community

COUNTY DEPARTMENTS

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

A Healthy Community

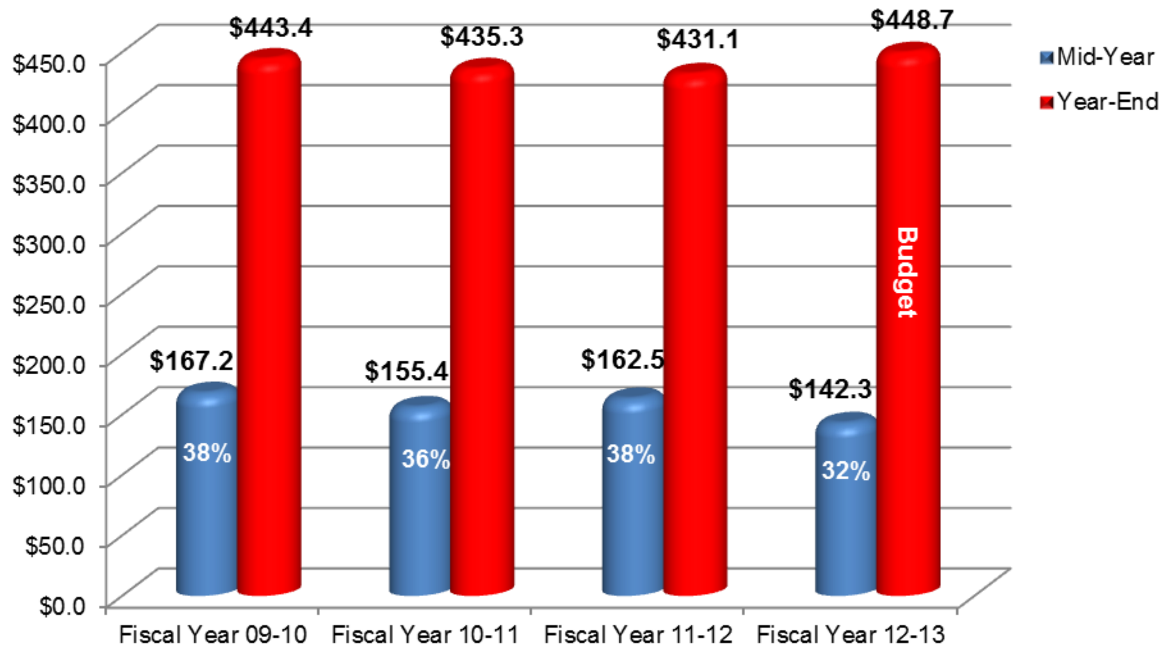
OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

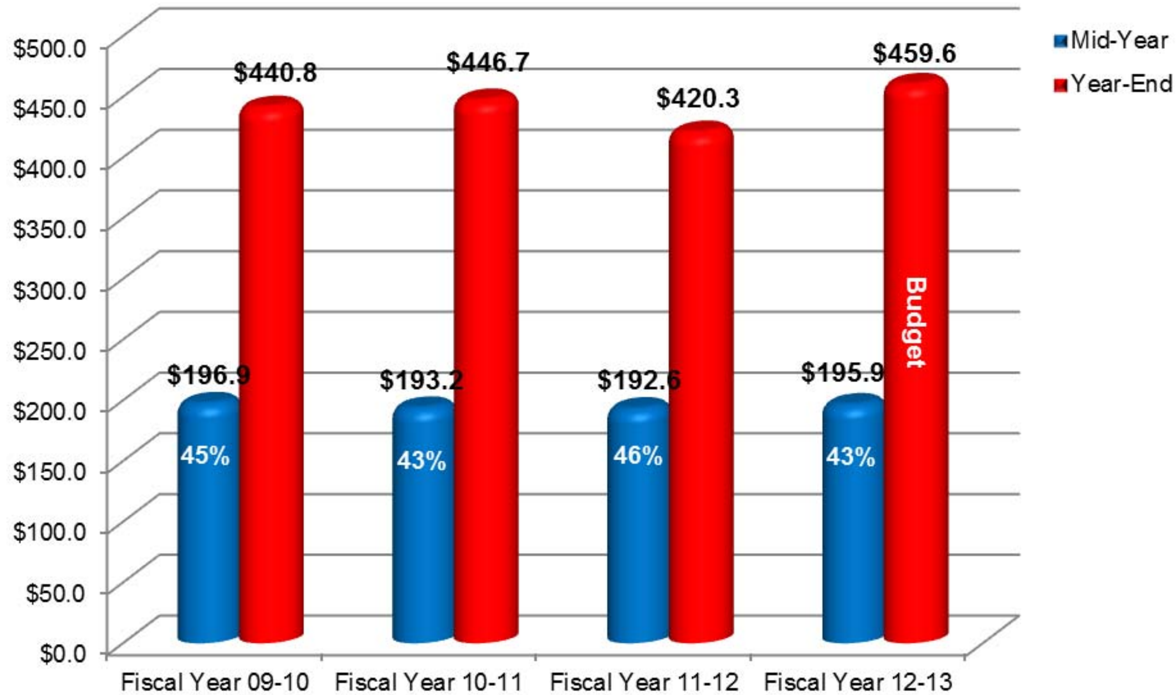
For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community, as of December 31, 2012, actual revenue collected is $142.3 million, which represents 32% of the estimated annual revenue. This is slightly below the range when compared to the mid-year point of the prior three years when collections ranged from 36% and 38% of the final actual revenue. In looking at revenue receipts for the current fiscal year, the reason for the lag is primarily due to the timing of recognizing the claiming revenue in several departmental budgets. It is anticipated that revenue will correct itself in the upcoming months and fall within the normal collections range.

A Healthy Community
Four Year Revenue Comparison



As of December 31, 2012, expenditures are $195.9 million, representing 43% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 43% to 46% of the final actual expenditures, placing this year within the range.

A Healthy Community
Four Year Expenditure Comparison



Overall, the departments within A Healthy Community are on track to end the year within budget and in a positive fiscal position.

The recommendations contained in this report for A Healthy Community include an increase in appropriations by $24,517,906 and estimated revenue by $16,474,298 funded by $8,043,608 in fund balance/retained earnings.

MID-YEAR ISSUES AND RECOMMENDATIONS

AREA AGENCY ON AGING/VETERAN SERVICES

The Area Agency on Aging/Veteran Services conducted a thorough review of its budgets as part of the mid-year and anticipates ending the year within budget appropriations and estimated revenue. Nonetheless, the Department requested additional appropriations and estimated revenue in the Area Agency on Aging budget of $135,664 respectively to take advantage of funding opportunities in several program areas. These include a $55,732 increase in Federal Older American Act funding for senior services and programs; a $59,108 increase for the Supplemental Nutrition Assistance Program funded from the Community Services Agency to provide health nutrition education to seniors and the balance of $20,824 associated with program related refunds from a prior fiscal year (2006-2007). This requested technical adjustment will ensure the provision of additional senior services in the community during the current fiscal year.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Area Agency on Aging	$135,664	$135,664	$0	$0	Increase in appropriations and estimated revenue from Federal Older American Act ($55,732), the Community Services Agency for the Supplemental Nutrition Assistance Program ($59,108) and program related refunds from a prior fiscal year ($20,824).

Staffing Requests: The Department is requesting a classification study of one Social Worker II position in the Health Care Insurance Counseling and Advocacy Program (HICAP). A classification study is needed to determine the appropriate classification based on the current job duties and responsibilities.

AREA AGENCY ON AGING TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Area Agency on Aging	1	7074	Social Worker II	Classification Study	Study

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $135,664 for additional senior services in various program areas. It is further recommended the staffing change described and outlined in the table above be adopted.

BEHAVIORAL HEALTH AND RECOVERY SERVICES

The Governor's Fiscal Year 2013-2014 Proposed Budget outlines the State of California's plan for implementation of the Federal Affordable Care Act (ACA). The plan includes both mandatory and optional requirements under the Medicaid (Medi-Cal) Expansion, a Medicaid Bridge Program for individuals who have no insurance nor meet Medi-Cal requirements, and a Medicaid Bridge Program for individuals who may transition between expansion and exchange programs. The Bridge Program will be administered through contracts with Medi-Cal Managed Care providers.

The State has estimated that the mandatory expansion requirements will result in an approximately $350 million increase to State General Funds. However, the program has not been fully developed and could be changed based on legislative action making it difficult to evaluate the fiscal impact to counties. The two options being proposed by the Governor for the optional expansion program include: (1) either a State-based program similar to the existing Medi-Cal program in which the required match contribution will be taken directly from each county's 1991 realignment allocation; or (2) a county-based approach that builds on existing Low Income Health Program (LHIP), in which counties will assume fiscal and operational responsibility for the Medicaid Expansion.

Furthermore, the Governor's Proposed Budget includes several outstanding issues, including the lack of a methodology for claiming enhanced Federal funding, the scope of benefits to be included in the operational expansion, and uncertainty and instability of future Federal budget reductions. Behavioral Health and Recovery Services is one of several County departments that will be impacted by implementation of the Federal Affordable Care Act in the State of California, although at this point it is difficult to assess the potential impact until the plan is fully developed.

Behavioral Health and Recovery Services: As part of mid-year, the Department conducted a thorough review of the Behavioral Health and Recovery Services budget and is projecting expenditures and revenue to increase in total by $654,184 and $85,423, respectively which require the corresponding budget adjustment. Specifically, this includes a $75,000 increase in salaries and benefits for reimbursement of staffing costs from revenue associated with the Health Plan of San Joaquin Transitional Care Integration Grant; an $81,000 increase to update the phone system to Voice Over Internet Protocol (VOIP) offset by $31,000 in revenue from a one-time contribution from Strategic Business and Technology (SBT); a $268,600 increase for the Institutes for Mental Disease (IMD) contract with California Psychiatric Transitions, Inc.; a $250,161 increase for State Hospital bed utilization; and a technical adjustment to decrease appropriations and revenue by $25,689 in salaries and benefits to align the budget and contract amount for StanWORKs. An increase in revenue and appropriations of $5,112 is also included for the lease to purchase option of two vehicles for the Community Emergency Response Team that is explained in greater detail in the Mental Health Services Act section of this report. There is sufficient fund balance to cover the additional expenses. The Behavioral Health and Recovery Services budget receives $825,359 in Net County Cost and it is anticipated that the Department will expend this match in its entirety for the required Maintenance of Effort to support 1991 realignment funds and for staffing costs at Juvenile Hall.

<u>Alcohol and Drug:</u> For the Behavioral Health and Recovery Services – Alcohol and Drug budget, the Department is projecting expenditures and revenue to increase by a total of $384,600 and $84,600 respectively. The anticipated increase in expenditures is comprised of contract expenses to expand the prevention activities associated with the Substance Abuse Prevention and Treatment (SAPT) Primary Prevention Block Grant ($84,600) and to provide Alcohol and Other Drug services consistent with the SAPT Block Grant Maintenance of Effort ($300,000). Funds associated with the prevention activities must be spent within 21 months of the beginning of the funding period in order to meet the timing requirements of the grant. The State of California provides realignment funds to help meet the grant's Maintenance of Effort (MOE). The Department must provide services equal to the amount of the realignment funds provided and thus estimates the additional funding for services necessary to ensure that the required MOE is met. The funding for the prevention activities is from SAPT block grant revenue whereas the MOE is to be funded through available department fund balance. As of mid-year, the Alcohol and Drug budget reflected a fund balance of $822,723 sufficient to accommodate the Department's request.

<u>Managed Care</u>: For the Behavioral Health and Recovery Services – Managed Care budget, the Department is projecting expenditures to increase by a total of $2,746,000 whereas estimated revenue is expected to be achieved as presently budgeted. The anticipated increase in expenditures is a result of a continued increase of inpatient psychiatric hospitalization costs related to the utilization of beds at Doctor's Behavioral Health Center (DBHC). The budget for inpatient hospitalization costs at Doctor's Behavioral Health Center is based on an average daily census of approximately 25 beds. The trend in average daily census is an increase in the last three months of 32.68 or 31% from what was included in the budgeted appropriations for this fund.

During the past year, the admissions at the DBHC have continued to rise dramatically. Several factors contribute to the substantial increase: an unprecedented increase in bed usage, an increase in the rate paid to the hospital, and a larger portion of uninsured patients for which the County has 100% responsibility. This increase continues to be a concern to the Department. During Fiscal Year 2011-2012, an additional $1.9 million in departmental fund balance was added to the budget due to the increase in hospitalizations. The current increase in Fiscal Year 2012-2013 represents $8,041,418 in anticipated fund balance usage. The Managed Care budget traditionally operates in a negative fund balance that is covered by the positive fund balance in Behavioral Health and Recovery Services. If this trend in the Managed Care budget continues, it is estimated that the Department will deplete its available fund balance in Fiscal Year 2013-2014.

On November 13, 2012, the Chief Executive Office presented a Strategic Plan for 24/7 Secure Mental Health Services in Stanislaus County. The Strategic Plan recommended that a continuum of care system be developed. The centerpiece of that continuum is the development of a 16-bed Psychiatric Health Facility (PHF) to provide a lower cost option for hospitalizations for certain county patients to help mitigate the County's costs for services needed. The PHF will allow for certain patients to be placed in a lower level of care alternative and provide additional psychiatric capacity to the community served. The PHF is planned to be operating by mid-February 2014.

In addition, the Department has proposed using additional Mental Health Services Act (MHSA) funding to enhance several existing outpatient programs in an effort to reduce hospital readmissions. Included in the MHSA Plan Update, adopted by the Board of Supervisors on January 29, 2013, is implementation of a discharge team that will connect with consumers in acute psychiatric settings and provide an array of wraparound services intended to avoid readmission and encourage the use of alternative community based supports.

<u>Mental Health Services Act</u>: As part of the First Quarter Financial Report considered by the Board of Supervisors on November 6, 2012, Behavioral Health and Recovery Services requested funding in the current fiscal year for the lease to purchase of eleven vehicles—seven sedans and four vans. The vehicles request was to be funded by Mental Health Services Act (MHSA) one-time discretionary funds which must be spent within three years of allocation. The corresponding appropriations and revenue were to be budgeted through the BHRS – Mental Health and MHSA budgets. The proposed lease to purchase term for these vehicles was through June 30, 2015. The Board did not approve this request as part of the First Quarter Financial Report pending a comprehensive evaluation of the Department's entire vehicle inventory and condition to ensure that this request was the most cost-effective option. Following Board direction, Behavioral Health and Recovery Services and the General Services Agency began and have since completed the evaluation.

The evaluation included a thorough review of the sixty-eight (68) vehicles currently allocated to the Behavioral Health and Recovery Services. Key elements of the review included determining vehicle usage, age of vehicle, mileage, damage and mechanical issues. Furthermore, the General Services Agency examined whether repairs could be made to delay the need for replacement. Additionally, they assessed whether the vehicle could be rotated within the Department or to the motor pool or another department to promote efficient usage. The findings of this review concluded that (1) eleven current vehicles are of a condition to be salvaged due to age, mileage and overall condition; (2) four additional vehicles are due for replacement based on a 15-year usable life on the CNG fuel tanks which cannot be re-filled after their expiration date; and (3) ten vehicles could be better utilized within the Department to support other program areas.

Based on the work conducted by County staff, Behavioral Health and Recovery Services and the General Services Agency jointly brought forth at mid-year the following vehicle request for consideration and approval since it is the most cost-effective option available that will best promote efficient use and meet current needs. A total of eleven new vehicles (lease to purchase) are recommended to replace the vehicles earmarked to be salvaged as part of the evaluation. The corresponding budget adjustments will be contained in the Behavioral Health and Recovery Services and Mental Health Services Act (MHSA) budgets over the term of 24 months. The monthly lease rate will increase but not the overall total vehicle cost.

In consultation with the Fleet Services Manager regarding options, the recommendation is to use a Municipal Lease Program rather than purchasing the needed vehicles outright which requires an initial outlay of cash in the amount of $18,000-$25,000 per vehicle. This program enables the Department to lease-to-purchase vehicles at a competitive rate with a residual value of $1.00. GSA - Purchasing has traditionally utilized a municipal lease program to acquire vehicles; there are multiple leasing options available on the market. These lease rate options will be evaluated to determine the most effective and efficient option for the department. At the end of the lease, the County may, if it so chooses, purchase the vehicle for the $1.00 residual amount. Municipal Lease Programs also allow for flexibility in setting the lease period. Advantages to the Department of the lease option include:

- Acquisition of new vehicles without a large outlay of cash;
- Establishes the lease amount within the Departmental programs' budgets on an on-going basis so that funding is always available for upgrades;
- Enables the Department to maintain a newer fleet, providing additional safety for consumers and staff;
- Enables the Department to redistribute the residual vehicles to other programs in need of replacements; and
- Allows the lease costs to be expensed during the funding availability period.

Funding for the remainder of the lease period will be included in future budgets from MHSA funds. Additionally, implementation of the BHRS vehicle rotation analysis will result in the elimination of three long term rental vehicles currently being utilized by the Department through a rental agreement with GSA Fleet Services (Motor Pool). If approved, the net change in vehicles for Behavioral Health and Recovery Services is a decrease of seven as part of the extensive evaluation and work conducted. The fifteen vehicles identified to be salvaged (which include the four CNG) will be partially offset by the eleven new vehicles to be procured (anticipated arrival in April 2013) through a Municipal Lease Program. The BHRS vehicle rotation plan will eliminate the need to utilize three rental vehicles currently utilized by the Department through the motor pool.

Two of the recommended vehicles, funded using MHSA funds of $5,112, will be leased for the Community Emergency Response Team (CERT) program in the Behavioral Health and Recovery Services budget. CERT staff provides crisis intervention and assessment services at area hospital emergency departments for Medi-Cal beneficiaries and uninsured County residents. Additionally, the vehicles may be used to transport clients to out of area hospitals. The two leased vehicles will replace two existing heavily used vehicles and will provide staff with more reliable vehicles to better serve County residents and staff transportation needs.

A vast majority of BHRS services, especially MHSA services, are provided in the community. As a result, vehicles are heavily used to transport consumers and visit consumers and their families. Approximately $24,776 of the one-time MHSA funds will be used to lease nine new vehicles in the BHRS - MHSA budget. The leased vehicles, consisting of four vans and five sedans, will replace existing heavily used vehicles that have exceeded their depreciable life and will provide staff with more reliable vehicles to better serve MHSA clients and staff transportation and safety needs. It is recommended that appropriations and estimated revenue be increased by $24,776 in this budget for the lease of these vehicles.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Behavioral Health and Recovery Services	($25,689)	($25,689)	$0	$0	Decrease in revenue and salary and benefit appropriations to match budget to approved contract with the Community Service Agency for StanWORKS.
Behavioral Health and Recovery Services	$75,000	$75,000	$0	$0	Increase in revenue and salary and benefit appropriations for staffing cost reimbursement associated with the Health Plan of San Joaquin Transitional Care Integration Grant.
Behavioral Health and Recovery Services	$31,000	$81,000	$50,000	$0	Increase services and supplies appropriations for Voice Over Internet Protocol system and increase in revenue due to one-time contribution from Strategic Business Technology for this telecommunications project.
Behavioral Health and Recovery Services	$0	$268,600	$268,600	$0	Increase appropriations for Institute for Mental Disease contract with California Psychiatric Transitions, Inc. due to increased utilization of facility.
Behavioral Health and Recovery Services	$0	$250,161	$250,161	$0	Increase appropriations for Napa State Hospital costs due to increased utilization.
Behavioral Health and Recovery Services	$5,112	$5,112	$0	$0	Lease to purchase option for two vehicles (sedans) for CERT Program funded from MHSA funds.
BHRS-Alcohol & Drug	$84,600	$84,600	$0	$0	Increase revenue and appropriations to ensure that the Substance Abuse Prevention & Treatment Block grant is spent within the required time frame.
BHRS-Alcohol & Drug	$0	$300,000	$300,000	$0	Increase appropriations to Alcohol and Other Drug services consistent with Substance Abuse Prevention and Treatment Block Grants Maintenance of Effort (MOE).
BHRS-Managed Care	$0	$2,746,000	$2,746,000	$0	Increase appropriations for Doctor's Behavioral Health Center costs due to increased utilization.
BHRS-Mental Health Services Act	$24,776	$24,776	$0	$0	Lease to purchase option for nine vehicles (five sedans/four vans) funded from MHSA funds.
Total	$194,799	$3,809,560	$3,614,761	$0	

Staffing Requests: The Department is requesting to reclassify one Psychiatric Nurse II (Program Coordinator) position located at the Community Emergency Response Team (CERT/MCERT) and Medical Assessment Team (MAT) Division of Behavioral Health and Recovery Services to a management position. The Department is also requesting to reclassify one Mental Health Clinician II position in Behavioral Health and Recovery Services to a management position. These reclassifications were requested in order to ensure the positions were appropriately classified.

The Department is further requesting a classification study of two Clinical Psychologist positions in Behavioral Health and Recovery Services. The Department is requesting a study to determine what pay compaction issues may exist with lower level classifications requiring less education.

The Department is requesting to transfer out four positions from Behavioral Health and Recovery Services to the Mental Health Services Act program. The positions are one Accounting Technician, one Administrative Clerk III, one Behavioral Health Specialist II, and one Family Services Specialist II. These positions were funded as part of the MHSA Plan Update that was presented to the Board of Supervisors January 29, 2013. At the time of the presentation, the positions were part of the Behavioral Health and Services budget, but will be funded through the Mental Health Services Act budget. The transfer is to better align the duties of the positions with the appropriate fund in which they are working.

The Department is requesting to reclassify one Manager II in the Forensic System of Care at Mental Health Services in the Mental Health Services Act budget. As a result of the Criminal Justice Realignment and AB 109, the responsibilities of the position have significantly increased.

BEHAVIORAL HEALTH & RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health & Recovery Services	1	1922	Psychiatric Nurse II	Classification study	Study
Behavioral Health & Recovery Services	1	241	Mental Health Clinician II	Classification study	Study
Behavioral Health & Recovery Services	2	107, 1982	Clinical Psychologist	Classification study	Study
Behavioral Health & Recovery Services	-1	7029	Accounting Technician	Transfer out	Transfer to Mental Health Services Act
Behavioral Health & Recovery Services	-1	3666	Administrative Clerk III	Transfer out	Transfer to Mental Health Services Act
Behavioral Health & Recovery Services	-1	9291	Behaviorial Health Specialist II	Transfer out	Transfer to Mental Health Services Act
Behavioral Health & Recovery Services	-1	1153	Family Services Specialist II	Transfer out	Transfer to Mental Health Services Act
Mental Health Services Act	1	11083	Manager II	Classification study	Study
Mental Health Services Act	1	7029	Accounting Technician	Transfer in	Transfer from Behavioral Health & Recovery Services
Mental Health Services Act	1	3666	Administrative Clerk III	Transfer in	Transfer from Behavioral Health & Recovery Services
Mental Health Services Act	1	9291	Behaviorial Health Specialist II	Transfer in	Transfer from Behavioral Health & Recovery Services
Mental Health Services Act	1	1153	Family Services Specialist II	Transfer in	Transfer from Behavioral Health & Recovery Services

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $3,809,560 and $194,799 respectively, funded by $3,614,761 in departmental fund balance. It is further recommended the staffing changes described and outlined in the table above be adopted.

CHILD SUPPORT SERVICES

Staffing Requests: The Department is requesting to restore two unfunded Legal Clerk III positions and reclassify them upward to block budgeted Child Support Officer II. The Department is also requesting to restore one unfunded Legal Clerk IV position and reclassify it upward to a block budgeted Manager II. The Department has been awarded funding by the Federal Administration of Children and Families, Office of Child Support Enforcement (OCSE) for a Noncustodial Parent Employment Demonstration Project grant. This national demonstration grant requires dedicated child support case coordinators who will manage child support procedures and services for the treatment group participants. The services must include expedited case review and if appropriate, adjustment of orders; expedited establishments of wage withholding orders; and temporary suspension of discretionary enforcement tools that are designed to collect arrears. The dedicated case coordinators will be responsible for working with participants to reduce or suspend state-owed debt. Additionally, they will work with the project manager to create and enhance partnerships with agencies within the county to provide the employment services, peer support and other services as required by the grant project. The demonstration grant also requires a minimum of one project manager whose primary task will be to ensure that the project is carried out successfully.

The request for the positions is being made to ensure the Department fulfills the federally required duties of grant-related case management and project oversight while balancing the Department's operational needs without impacting the collection efforts to the customers being served. The Federal grant provides funding for a five-year period during which the caseworkers and project manager will be dedicated to the project. As the grant period comes to a closure, the Department will assess at that time available funding and any personnel needs related to retirements, succession planning and organizational program changes. The Department used a recently vacated Manager position initially to provide the management support needed for the grant however, the Department needs to replace this operational manager position in order to ensure management oversight of day to day department operations.

CHILD SUPPORT SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Child Support Services	2	3100, 10104	Legal Clerk III	Restore unfunded positions/Reclassify upward	Child Support Officer II-block budgeted
Child Support Services	1	10327	Legal Clerk IV	Restore unfunded position/Reclassify upward	Manager II-block budgeted
DCSS CHANGES	3				
Beginning Allocation	159				
Changes in Allocation	3				
Ending Allocation	162				

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

COMMUNITY SERVICES AGENCY

The Community Services Agency has completed a thorough review of all programs based on actual experience through December 2012 along with some post-closing adjustments from Fiscal Year 2011-2012 which provide fund balance for some programs. The Department is requesting an overall budget increase of $16 million across all budgets, funded by State and Federal allocations, 2011 Realignment, receipt of one-time 1991 Realignment growth funds and departmental fund balance. The one-time 1991 Realignment growth funds and departmental fund balance will greatly reduce the unmet need of $4.87 million included in the 2012-2013 Adopted Final Budget for Foster Care and In-Home Supportive Services (IHSS) Wages and Benefits, to approximately $1.1 million at the mid-year, and is described in more detail below. At this time the Department is not asking for additional County Match funding but will continue to monitor the impacted programs and report back to the Board as part of the third quarter financial update for Fiscal Year 2012-2013.

Services and Support: In October 2012, the Department received unanticipated 1991 Realignment growth funds that were owed to the County in the amount of $2.4 million covering four full fiscal years (Fiscal Years

2007-2008 through 2010-2011). The funds were earned by Child Welfare Services ($225,499), Foster Care and Adoptions Assistance ($169,579), In-Home Supportive Services (IHSS) Wages & Benefits ($1,895,724) and Health Services Agency California Children's Services ($60,298). It is recommended that these growth funds be directed into the programs to which they are attributed, reducing the County Mandated Match funding required for these programs on a one-time basis. It is further recommended that the savings in County Mandated Match funds be redirected to address the significant unmet need in the Public Economic Assistance budget for Foster Care programs. Since the Child Welfare Services programs are funded in this CSA - Services & Support budget, it is recommended that appropriations and estimated revenue of $225,499 be increased to account for these growth funds and that $225,499 of county match funding be transferred out to the Public Economic Assistance Budget. It should be noted that these growth funds represent a one-time benefit, although there will be an incremental increase in the county realignment base. Whether this increase can be sustained through increased statewide sales tax receipts will remain to be seen. Staff will continue to evaluate this important revenue stream and may request adjustments to the County Mandated Match base budget allocations in the Budget Year 2013-2014 Proposed Budget.

The Community Services Agency continues to experience caseload growth in Child Welfare Services (CWS) and StanWORKs programs. Over a three year period, CWS caseload growth is up 17.1% in Emergency Response and 20.5% in Family Reunification. To address this increased caseload demand, the Department is requesting an increase in appropriations of $261,339 for seven (7) new positions. These positions will be dedicated to Child Welfare Services and will be supported with $278,914 of 2011 Realignment funding received in Fiscal Year 2011-2012 for Children's Services programs. This funding stream is projected to continue to support these positions in future years.

An increase in appropriations and estimated revenues of $1,285,141 is requested to address growth in the StanWORKs public assistance programs of CalWORKs, CalFresh and Medi-Cal. This funding will be used to support additional staff resources ($300,000), systems and automation infrastructure upgrades ($766,412) and supportive services, security at StanWORKs outstations and align direct costs with actual awarded contracted services ($218,729). These programs do not have a county share beyond the base Maintenance of Effort, which has already been met in the Final Budget allocation.

An overall decrease in appropriations and estimated revenues of $485,888 is requested in the StanWORKs child care programs. Stage 1 Child Care program expenditures and revenue are increasing by $227,027 due to the implementation of the new 24 month time limits and the need to re-engage more individuals in Welfare to Work programs while Stage 2 Child Care program expenditures and revenue are decreasing by $712,915 due to declining caseloads.

The Department requests an increase of $95,314 in appropriations and estimated revenue to support Stanislaus County's portion of the Consortium IV (C-IV) Statewide Automated Welfare System Project Maintenance and Operations costs. This increase includes CSA's allocation of one-time project costs to comply with the implementation of AB 12 Extended Foster Care and initial costs of the collaboration with Los Angeles County for the proposed migration of the Leader Replacement System (LRS) to C-IV.

The Department requests an increase of $158,800 in one-time fixed asset purchases for Information Technology critical projects that include the Network Backbone (6509) Replacements and Virtual Servers using one-time prior year Federal and State revenues. The current network backbone is over 8 years old and is past "end of life". These devices are responsible for all traffic on the CSA network and failure of these devices would stop all Department network communications. The requested increase in appropriations is funded by a recommended increase of $175,859 of remaining one-time prior year Federal and State revenues resulting in a contribution to fund balance of $17,059.

The Department requests an increase of $32,425 in estimated revenue to reflect a transfer in from the Integrated Children's Services budget as a result of the 30% local match requirement for eligible CWS customer service contracts awarded through the Sober Living Environment Services Request for Proposal (RFP) for services beginning July 1, 2012.

The Department requests a decrease of $50,000 in estimated revenue from the County Children's Fund to reflect the current year spending plan as recommended by the Child Abuse Prevention Council.

<u>County Children's Fund</u>: The County Children's Fund budget provides for education and support services for the prevention, intervention and treatment of child abuse and neglect. The Child Abuse Prevention Council (CAPC) provides recommendations for the use of these funds. The Child Abuse Prevention Council met on August 16, 2012 and recommended a five year spending plan. The Council's recommendations reflect a decrease in funding of $50,000 in Differential Response from the Final Budget funding level of $200,000; a new planned cost of $10,000 to support The Lisa Project, a free to the public interactive multi-sensory exhibit promoting awareness and useful resource information on child abuse; and $50 for membership in the regional Child Abuse Prevention Council. These recommendations will result in an overall decrease in appropriations of $39,950.

<u>IHSS Provider Wages:</u> The In-Home Support Services (IHSS) program is a mandated entitlement program which provides in-home supportive services to frail and/or elderly individuals. Due to various uncertainties, this program was not fully funded as part of the Final Budget with a projected shortfall in expenditure appropriations of $8.3 million that included a projected County Mandated Match funding shortfall of $1.4 million. As part of the mid-year financial review process, the Department has identified funding to fully fund the 2012-2013 anticipated need.

Expenditure projections for wages have decreased from $52,065,756 reported at Proposed Budget to $51,260,938 at Mid-Year. This is due to a reinstated 3.6% across-the-board cut to authorized hours for recipients effective August 2012, which sunsets on June 30, 2013, and is offset by updates to projections for actuals from July through November along with the addition of a 2.8% caseload growth for December through June, consistent with the Statewide caseload growth projected for the State of California.

In addition, the County share of cost has decreased from $9,157,065, previously reported at Final Budget, to $7,944,420 at Mid-Year, a decrease of $1,212,645. This decrease is due primarily to the implementation of Community First Choice Option (CFCO) percentages which increased Federal funds for the majority of costs from 50% to 56% and decreased the County share percentage from 17.5% to 15.4% for federally eligible costs, resulting in approximately $1 million in additional Federal funds to offset the County share of this program. The balance of the decrease is related to the decrease in expenditure projections.

As reported in the Services & Support budget discussion, the Department received unanticipated <u>*one-time*</u> 1991 Realignment growth funds that were owed to the County in the amount of $2.4 million from four past full fiscal years (Fiscal Years 2007-2008 through 2010-2011), $1,791,507 of which was attributable to this particular budget. Further, receipt of prior fiscal year benefit of CFCO for December 2011 to June 2012 resulted in reimbursement of local county share of $617,099. This <u>*one-time*</u> infusion of Federal funding and realignment revenue will allow the Department to fully mitigate the previously projected unmet need in this program and allow the redirection of county share match of $2,168,207 to the Public Economic Assistance budget in order to partially mitigate the substantial unmet need for Mandated County Match in the Foster Care program.

Overall, the Department requests an increase in appropriations of $9,471,283 to fully fund the IHSS Provider Wages budget, funded by estimated revenue of $9,498,351 from State and Federal revenue and one-time realignment growth funding. The difference of $27,068 will resolve a negative fund balance that was created by a realignment funding shortfall in Fiscal Year 2011-2012.

It is important to note that this budget does not reflect the State's planned implementation of a Maintenance of Effort (MOE) model for the County share of cost. The State has not yet received Federal Approval of the Community Care Initiative and has not yet issued instructions to counties on how to proceed with the MOE. The Department projects a County share exposure of approximately $365,000 for Fiscal Year 2012-2013, increasing to approximately $657,000 annually in future years, for the IHSS Provider Wages, Public Authority Administration and Public Authority Benefits budgets. The Department will continue to monitor actual caseloads, costs and State instructions on the new IHSS financing model and will provide an update to the Board as part of the Third Quarter Financial Report.

<u>IHSS Public Authority - Administration</u>: This budget was established by the Board of Supervisors on December 7, 2004, to support the creation of an In-Home Supportive Services (IHSS) Public Authority (PA) in Stanislaus County. The PA is a public entity separate from the County, pursuant to Welfare and Institutions Code Section 12301.6 and Stanislaus County Ordinance Number (C.S. 905). The PA is a corporate public body exercising public and essential government functions and has all powers necessary and convenient to carry out the provider components of IHSS.

A decrease in appropriations and estimated revenue of $20,960 is requested to reflect a reduction in contracted staffing costs from previously estimated levels.

<u>IHSS Public Authority - Benefits</u>: Under the approved labor agreement with United Domestic Workers of America (UDWA), the County will contribute the maximum allowable health benefit contribution rate per hour, currently $0.60, designated in Welfare and Institutions Code 12301. Health benefits are available to Individual Providers who work 75 hours or more per month for three consecutive months. The number of providers that can receive health, vision and dental benefits is dependent on the total annual individual provider paid hours and the determined monthly health premium. This budget includes the direct costs of the Individual Provider (IP) medical benefits plan only. There are no administrative costs associated with In-Home Supportive Services (IHSS) medical benefits accounted for within this budget.

Due to various uncertainties, this program was not fully funded as part of the Final Budget with a projected shortfall in expenditure appropriations of $591,803 and a projected county share shortfall of $104,159.

At Mid-Year, updated projections are resulting in a revised projected shortfall in expenditure appropriations of $556,319, due to a reinstated 3.6% across-the-board cut to authorized hours for recipients effective August 2012 which sunsets on June 30, 2013. This is offset by updates to projections for actuals from July through November and the addition of a 2.8% caseload growth for December through June, consistent with the statewide caseload growth projected for the state of California.

In addition, the County share of cost has decreased from $530,452 previously reported at Final Budget to $461,925 at Mid-Year, a decrease of $68,527. This decrease is due primarily to the implementation of Community First Choice Option (CFCO) percentages which increased Federal funds for the majority of costs from 50% to 56% and decreased the County share percentage from 17.5% to 15.4% for federally eligible costs and resulted in approximately $60,000 in additional Federal funds to offset the County share of this program. The balance of the decrease is related to the decrease in expenditure projections.

As reported in the Services & Support budget discussion, the Department received unanticipated 1991 Realignment growth funds that were owed to the County in the amount of $2.4 million covering four full past fiscal years (Fiscal Years 2007-2008 through 2010-2011), $104,217 of which was attributable to this particular budget. Further, receipt of prior fiscal year benefit of CFCO for December 2011 to June 2012 resulted in reimbursement of local county share of $35,984. This one time infusion of Federal funding and realignment revenue will allow this budget to fully mitigate the unmet need and allow the redirection of Mandated County Match funding of $102,909 to the Public Economic Assistance budget in order to partially mitigate the unmet need for Mandated County Match funds in the Foster Care program.

In summary for the IHSS Public Authority - Benefits budget, an overall increase in appropriations of $659,228 is recommended, offset by an increase in estimated revenues of $660,798. The difference of $1,570 will resolve a negative fund balance that was created by a realignment funding shortfall in Fiscal Year 2011-2012.

Integrated Children's Services: The Integrated Children's Services Fund (ICS) provides the County share of cost to support Children's core programs funded by Non-Federal Child Welfare Services (CWS) allocations or State Realignment 2011 that require a local match. Sources of funds are donations or contributions from local community partners.

Current donations are pledged to provide the 30% local match for sober living services operated by Valley Recovery Resources and Nirvana Drug and Alcohol Treatment Institute as approved by the Board of Supervisors on June 26, 2012 for eligible CWS customer services funded in the CSA Services and Support budget.

The Department is requesting to increase appropriations and estimated revenue by $32,425 to reflect the amount of the actual contracts awarded and executed for this Fiscal Year.

Public Economic Assistance: The Public Economic Assistance budget provides cash aid to Stanislaus County families eligible for temporary economic assistance and to children requiring out-of-home placement on a temporary or permanent basis. Welfare payments are referred to as Temporary Assistance to Needy Families (TANF) and/or California Work Opportunity and Responsibility to Kids (CalWORKs). Mandated by Federal and State laws, these caseload driven programs include CalWORKs All Other Families and Two Parent Families, Aid to Families with Dependent Children-Foster Care (AFDC/FC), Adoption Assistance Program (AAP), Kinship Guardianship Assistance Payment Program (Kin-GAP), Refugee Cash Assistance Program (RCA), Transitional Housing Program Plus (THP-Plus), and Cash Assistance Program for Immigrants (CAPI). In addition there is one new program in this budget, Aid to Families with Dependent Children-Extended Foster Care (EFC). Assembly Bill (AB) 12 established EFC which provides benefits to foster care youth over the age of 18 up to the age of 21 through a three year phase in, beginning in January 2012. The programs contained in this budget are entitlement programs. As a result, Federal and State sharing ratios are legislated for each program and funding is open-ended with a required County share of cost.

At the Final Budget, funding had not been identified to fully fund all the programs in this budget. Based on Mid-Year projections, the total appropriations needed to fully fund the programs in this budget are $100,336,424, an increase of $6,250,173 over the Final Budget. Funding has been identified to cover the current requested increase in appropriations of $4,343,922, which will leave an unfunded gap of

$1,906,251 in appropriations, $1,138,271 of which would be required County share. Chief Executive Office staff will continue to work with the Department to develop strategies to address the funding gap and will return to the Board of Supervisors with recommendations no later than the Third Quarter Financial Report. As part of the Mid-Year review process, the program caseload and grants were individually evaluated using Fiscal Year 2011-2012 actuals as a base from which to assess the program impacts of several local growth factors, including month to month, seasonal, and year to year.

- Foster Care – The Foster Care program total appropriation need is $15,787,109, a $5,187,021 increase from the Final Budget level of $10,600,088. The Department has local match funds to increase the budget by $4,898,981 to a Mid-year base budget appropriation level of $15,499,069, leaving a funding gap of $288,040 in this program, of which the County share unmet need is $.2 million. Although average monthly caseload is trending slightly down, the Department continues to experience significant caseload fluctuations each month, from a low of 550 to a high of 667 children in care, making it difficult to project future caseload demand;

- Extended Foster Care – AB 12 extends benefits to foster care youth over the age of 18 up to the age of 21, through a three-year phase in period, beginning January 2012. The current program appropriation need is projected at $791,893 which will support an average monthly caseload of 29 youth. Due to the lack of sufficient local match funds, no funding for this program is currently budgeted with a County share unmet need of $.5 million;

- Kin-GAP - The Kin-GAP program appropriation need is projected at $317,726. The Adopted Proposed Budget projected that 99% of the Kin-GAP caseload was eligible for the new Subsidized Relative Guardianship (SRG) Program. The SRG grant payments are eligible for federal financial participation (FFP) which reduced the County share from 21% to 10.5%. Subsequently, the State clarified SRG eligibility requirements and the current Kin-GAP caseload was determined to be ineligible to the SRG Program. The mid-year County Share is adjusted to reflect the current experience of 19%;

  Due to the lack of sufficient local match funds, the Mid-Year base budget appropriations for Kin-GAP are being lowered to $175,282; leaving a $142,444 gap in appropriation authority to meet the total program need, with a required County share of $27,111; and

- Adoption Assistance Program (AAP) – The AAP program appropriation need is projected at $10,857,374, a $271,259 increase over the Final Budget level of $10,586,115. However, upon factoring in the annual grant cost of living increase of 2.98%, an increased Dual Agency Rate and increasing caseload growth, the allocated County share will only support a base appropriation of $10,173,500, resulting in a decrease of $412,615 from the Final Budget level.

  Due to the lack of sufficient local match funds, the Mid-Year base budget appropriations for AAP are $10,173,500 leaving a $683,874 funding gap with a County share unmet need of $.4 million.

Based on mid-year projections, the following programs appear to be tracking within Final Budget levels and no adjustments are requested: CalWORKs All Other Families and Two Parent Families, Refugee Cash Assistance; Cash Assistance Program for Immigrants and Transitional Housing Program Plus.

As a result of AB109, the former 1990-1991 Mental Health Realignment Trust Fund was rededicated to replace State General Fund dollars for the new CalWORKs Assistance Maintenance of Effort (MOE). This MOE was budgeted at $8,095,542, but mid-year estimates are projecting an increase of $3,408,249 over prior year levels. This increase in realignment revenue will be offset by a decrease in State program revenues for a net impact of zero to the bottom line.

Also included in this budget are the operating transfers of Mandated County Match funding discussed previously that are associated with the unanticipated 1991 Realignment growth funds that were owed to the County.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CSA - Services and Support	$278,914	$261,339	$0	($17,575)	Increase appropriations and estimated revenues for 7 new staff requested to support Children's Services programs funded with 2011 Realignment and the resolution of reduced operating transfers in.
CSA - Services and Support	$1,285,141	$1,285,141	$0	$0	Increase appropriations and estimated revenues in StanWORKs for additional staff support, systems and automation infrastructure, security at StanWORKS outstations and to align direct costs with actual awarded contracts funded with increased CalWORKs, CalFresh, and Medi-Cal allocations .
CSA - Services and Support	($485,888)	($485,888)	$0	$0	Overall decrease in appropriations and estimated revenues for StanWORKs Child Care programs (Stage 1 due to higher level of child care needs and Stage 2 Child Care reduced to reflect reduced funding due to declining caseload).
CSA - Services and Support	$95,314	$95,314	$0	$0	Increase appropriations and estimated revenues for Consortium IV Statewide Automated Welfare System support.
CSA - Services and Support	$225,499	$0	$0	($225,499)	Increase estimated revenues for one-time receipt of 1990-1991 realignment related to Fiscal Year 2007-2008 through 2010-2011 realignment growth in Child Welfare Services programs.
CSA - Services and Support	$0	$225,499	$0	$225,499	Operating transfer out to Public Economic Assistance Fund 1632.
CSA - Services and Support	$175,859	$158,800	($17,059)	$0	Increase appropriations and estimated revenues for one time Fixed Asset purchases to support the critical 6509 replacement and virtual server using one time Prior Year Federal/State Revenues which includes resolution of fund balance.
CSA - Services and Support	$32,425	$0	$0	($32,425)	Operating transfer in from Integrated Childrens Services Fund 1636.
CSA - Services and Support	($50,000)	$0	$0	$50,000	Operating transfer in from County Children's Fund 1637.
CSA - County Children's Fund	$0	($39,950)	($39,950)	$0	Decrease appropriations to reflect the current year spending plan as recommended by the Child Abuse Prevention Council.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CSA - IHSS Provider Wages	$7,089,745	$7,303,076	($27,068)	$240,399	Increase appropriations and estimated revenues for IHSS Provider Wages Federal/State Revenues and the resolution of fund balance.
CSA - IHSS Provider Wages	$1,791,507	$0	$0	($1,791,507)	Increase estimated revenues for one-time receipt of 1990-1991 realignment related to Fiscal Year 2007-2008 through 2010-2011 realignment growth.
CSA - IHSS Provider Wages	$617,099	$0	$0	($617,099)	Increase estimated revenues for one-time receipt of Dec 2011-June 2012 federal refund of county share payments due to Community First Choice Option funding percentages implementation.
CSA - IHSS Provider Wages	$0	$2,168,207	$0	$2,168,207	Operating transfer out to Public Economic Assistance .
CSA - Public Authority Administration	($20,960)	($20,960)	$0	$0	Decrease appropriations and estimated revenues due to right sizing of contracted staffing costs based on first 6 months actuals.
CSA - Public Authority Benefits	$520,687	$556,319	($1,570)	$37,202	Increase appropriations and estimates revenues for Benefits administration consistent with existing MOU and corresponding Federal/State Revenue and resolution of fund balance.
CSA - Public Authority Benefits	$104,217	$0	$0	($104,217)	Increase estimated revenues for one-time receipt of 1990-1991 realignment related to Fiscal Year 2007-2008 through 2010-2011 realignment growth.
CSA - Public Authority Benefits	$35,894	$0	$0	($35,894)	Increase estimated revenues for one-time receipt of Dec 2011-June 2012 federal refund of county share payments due to Community First Choice Option funding percentages implementation.
CSA - Public Authority Benefits	$0	$102,909	$0	$102,909	Operating transfer out to Public Economic Assistance.
CSA - Integrated Children's Services	$32,425	$32,425	$0	$0	Increase appropriations and estimated revenues consistent with actual awarded contracts for Sober Living Environment Services Match.
CSA-Public Economic Assistance	$2,286,701	$4,898,981	$0	$2,612,280	Increase appropriations and estimated revenues for Foster Care (FC) to base budget funding level of program need within current County General Fund Match.
CSA-Public Economic Assistance	($142,444)	($142,444)	$0	$0	Decrease appropriations and estimated revenues for Kin-GAP to base budget funding level of program need within current County General Fund Match.
CSA-Public Economic Assistance	($446,944)	($412,615)	$0	$34,329	Decrease appropriations and estimated revenues for Adoptions Assistance Program (AAP) to base budget funding level of program need within current County General Fund Match.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CSA-Public Economic Assistance	($3,408,249)	$0	$0	$3,408,249	Decrease estimated revenues to reclassify State GF to CalWORKs MOE.
CSA-Public Economic Assistance	$3,408,249	$0	$0	($3,408,249)	Increase CalWORKs MOE revenue to align with FY 11/12 CalWORKs MOE actual receipts.
CSA-Public Economic Assistance	$169,579	$0	($19,585)	($149,994)	Increase estimated revenues for one-time receipt of 1990-1991 realignment related to Fiscal Year 2007-2008 through 2010-2011 Realignment Growth earnings for FC and AAP and offset to resolve negative fund balance.
CSA-Public Economic Assistance	$225,499	$0	$0	($225,499)	Operating Transfer In revenue from Fund 1631.
CSA-Public Economic Assistance	$102,909	$0	$0	($102,909)	Operating Transfer In revenue from Fund 1641.
CSA-Public Economic Assistance	$2,168,207	$0	$0	($2,168,207)	Operating Transfer In revenue from Fund 1642.
Total	$16,091,385	$15,986,153	($105,232)	$0	

Staffing Requests: The Department is requesting to add seven new positions for Child Welfare Services. They are as follows:

Two block budgeted Interviewer II positions—The Interviewer II positions provide leadership skills and the ability to make sound assessments and recommendations to case-managing social workers and the Independent Living Program staff regarding a youth's permanency and transition goals and needed services after evaluating information and input from perspectives and sources. By adding two positions, this will increase the outreach to foster youth and increase youth's interest in participating in their transition process. The Interviewers will also provide additional support to social workers and caregivers in the assessment and transition process to better meet the needs of transitioning foster youth and in turn leading to responsible adulthood and self-sufficiency. These positions will be funded through the Child Welfare Service Program with 2011 Realignment revenues. There are no additional county funds required as a result of the new positions.

Three Social Worker IV positions — Two of the Social Worker IV positions will work alongside the Family Reunification and/or Family Maintenance Social Workers and service members. The purpose of these positions is to address the continued rise in caseload in each of these programs. By lowering the number of families each social worker serves, they are able to meet the mandates and promote child safety. These positions will be funded through the Child Welfare Service Program with 2011 Realignment revenues. There are no additional county funds required as a result of the new positions.

The third Social Worker IV position will work alongside the Adoptions/Licensing Social Worker. Child and Family Services is required to evaluate and approve all relative homes of children entering foster care and give preferential placement to relatives. Relatives are required to meet licensing standards but are not licensed as foster parents. There is a parallel, yet separate, process for the home approval. Up to this point the same Social Worker who makes the determination of which placement is in the child's best interest, also has approved the home. Many homes that may qualify for approval are not selected and approval not noted. At a later point, should the present placement change, the on-going Social Worker is often unaware of other interested relatives who may have qualified for approval. Stanislaus County's relative placement rate has fallen over the years with only 13.5% of children in a relative placement compared to the State average of 35.7%. Most counties, regardless of size, have a specific relative placement social worker or unit. An April 2012 court ruling found that relative care providers denied placement are entitled to due process through a state hearing. The California Department of Social Services is working on the finalization of state regulations to implement the legal ruling that was set to begin December 1, 2012. A relative approval worker, separate from the placement social worker, will ensure that home approvals and denials are consistent and meet state regulations and provide due process. This position will be funded through the Child Welfare Service Program with 2011 Realignment revenues. There are no additional county funds required as a result of the new position.

Community Services Agency is currently conducting a continuous Social Worker IV recruitment to make every effort to fill the current 11 vacancies. Seven offers have been made and the candidates are currently in background. The Department is still actively working to fill the remaining vacancies and will pull from the current eligible list that has been established from the recent recruitment.

One Social Worker III position — The Social Worker III-Education Liaison position will provide a critical strategy for eliminating the barriers that foster youth face in the educational system. This is a critical position and vital in meeting the education needs of foster youth and advocacy services. This position will assist in the efforts for better preparation of foster youth in the areas of employment, housing and life skills when they leave the foster care system. This position will be funded through the Child Welfare Service Program with 2011 Realignment revenues. There are no additional county funds required as a result of the new position.

One block budgeted Social Worker Supervisor II — The block budgeted Social Worker Supervisor II position will be supervising the Masters in Social Work (MSW) Internship Program. The position will provide overall supervision of the interns and will be the conduit with the California State University Stanislaus MSW Program. Prior to 2009-2010, Child Welfare had a Social Worker Supervisor II to assist in training and oversight of the MSW Internship Program however the Department reduced several positions and the workload was absorbed by existing managers and supervisors. Legal mandates and regulations continue to rise in the Child Welfare program, using much of the managements' time and attention. This has created the need to add a Social Worker Supervisor II position to provide the supervision for the MSW Internship Program to allow consistency in staff development and training. This position will be funded through the Child Welfare Service Program with 2011 Realignment revenues. There are no additional county funds required as a result of the new position.

The Department is also requesting to reclassify one Account Clerk II position and one Administrative Clerk III position to accommodate the staffing levels needed for the operation of core programs.

COMMUNITY SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Service & Support	2	NEW	Interviewer II	Add new positions	Interviewer II-block budget
Service & Support	3	NEW	Social Worker IV	Add new positions	Social Worker IV
Service & Support	1	NEW	Social Worker III	Add new position	Social Worker III
Service & Support	1	NEW	Social Worker Supervisor II	Add new position	Social Worker Supervisor II-block budget
CSA CHANGES	7				
Beginning Allocation	945				
Changes in Allocation	7				
Ending Allocation	952				

COMMUNITY SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Service & Support	1	3147	Account Clerk II	Classification Study	Study
Service & Support	1	9223	Administrative Clerk III	Classification Study	Study

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $15,986,153 and $16,091,385 respectively, resulting in a $105,232 contribution to departmental fund balance at year-end. It is further recommended the staffing changes described and outlined in the table above be adopted.

HEALTH SERVICES AGENCY

Indigent Health Care Program: As part of the Fiscal Year 2012-2013 Final Budget, the Health Services Agency anticipated an unfunded exposure of over $4.1 million in Indigent Health Care based on increased use and program changes pertaining to patient liability approved by the Board of Supervisors and implemented in March of 2010. At the mid-year point, the Health Services Agency continues to project that it will be unable to maintain the required level of services to qualified Medically Indigent Adults (MIA) nor meet the County's mandated Welfare and Institutions (W&I) Code Section 17000 requirements without additional funding.

The Health Services Agency is requesting, for the Indigent Health Care Program budget, an increase in appropriations of $4,586,529 and in revenue of $52,450 to address the previously identified exposure of $4.1 million and for the additional fiscal impact of $434,078 due to increased utilization. The Department anticipates the use of retained earnings from the Clinics and Ancillary Services budget to offset and fund a majority of the exposure in the Indigent Health Care Program for this fiscal year only. It is anticipated that additional Mandated County Match will be required. The Health Services Agency will revisit the financial standing of both respective program budgets during the third quarter and request the necessary adjustment at that time.

The Indigent Health Care Program (IHCP) continues to face significant fiscal and program exposures due to new challenges and ongoing issues resulting from MIA program policy changes implemented since Fiscal Year 2009-2010. Ongoing issues affecting program operations include the following:

- The impact of the slow economy: decreased/flat program revenue, increase in applications and enrollment;

- ♦ The increased demand for services due to a continued rise in the number of IHCP enrollment compared to prior year—by 4.4%. IHCP has increased the medical services allocation in anticipation of the increase in enrollment and subsequent demand for medical and dental services;

- ♦ The increased reimbursement to specialty providers. As the demand for specialty services continues to rise throughout the medical community, it has become increasingly difficult to acquire specialty providers to accept MIA patients at the standard IHCP reimbursement rate and instead providers demand rates in the range of Medicare or higher;

- ♦ The increased expenditures for medical services requiring a higher level of care that cannot be obtained at local facilities, therefore, patients are transferred to the University of California San Francisco (UCSF) for specialized and higher level diagnostic and surgical services; and

- ♦ The increased expenditures due to multiple UCSF inpatient stays exceeding 30 days and patients having no linkage to Medi-Cal.

The Health Services Agency is proposing a revision to existing County policy to change the MIA Program Hardship Eligibility Income Limit from 223% of the Federal Poverty Guidelines (FPG) to an age-banded methodology. The financial impact is yet to be determined but will be based on the actual enrollees and the cost of the medically necessary care to be provided. A Public Hearing is scheduled for March 5, 2013 to consider this revision.

Furthermore, and as previously mentioned, the Federal Affordable Care Act (ACA) and its implementation statewide will have fiscal impacts that are currently unknown. Like other departments, the Health Services Agency will continue to monitor the further development and implementation of the ACA and report out as more information is disseminated to counties.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Health Services Agency - Indigent Health Care	$52,450	$4,586,529	$4,534,079	$0	Increase in appropriations and estimated revenue for previously identified exposure and increased program utilization.
Total	$52,450	$4,586,529	$4,534,079	$0	

Staffing Requests: The Department is requesting to reclassify three positions in the Administrative division: the Director of Volunteer Services, an Accountant II, and a Staff Services Analyst. The Department is requesting a study of the Director of Volunteer Services to determine if the compensation is equitable based on the position's job duties and responsibilities. The Department is requesting a study of one Accountant II position in Finance based on the current job duties and responsibilities required of the position. The Department is also requesting a study of one Staff Services Analyst position due to an increase in responsibilities.

The Department is also requesting to restore two unfunded Senior Nurse Practitioner positions in the Clinics & Ancillary Division. These positions are revenue generating as they provide direct medical services to insured patients and could generate sufficient revenue to cover all direct and indirect marginal expenses associated with the positions as well as an additional contribution margin. Additional visits facilitated by the additional positions will leverage Clinics & Ancillary's fixed costs and will enable the Department to maintain historical visit volumes.

The Department is further requesting to add one new block budgeted Family Services Specialist II position in the Indigent Health Care Program (IHCP). This position is being requested to accommodate the increase in the number of applicants for the Medically Indigent Adult (MIA) program. The Family Services Specialist II position will assist the Department in administering this mandated program and more efficiently process program applications to provide timely care to qualified Medically Indigent Adults. There is no additional fiscal impact to the program, as the additional expenditures will be offset by savings from current vacancies. This position will be funded by Vehicle License Fees (VLF), Sales Tax (ST) and County Match.

The Department is requesting to add a new job classification and position of Certified Occupational Therapist Assistant in Public Health. Stanislaus County Health Services Agency/Public Health is committed to optimizing service delivery through a variety of cost saving strategies. The potential addition of this lower level classification would allow for reductions in cost of care while allowing the department to continue to meet service demands. The department is also requesting salary studies for the Physical /Occupational Therapist and Physical Therapy Assistant classifications due to difficulties in recruiting.

The Department is also requesting to delete three unfunded Public Health Nurse II positions and one unfunded Senior Nurse Practitioner position in Public Health.

The Department is requesting to add two new Staff Services Coordinator positions and one new Staff Services Technician position. One Staff Services Coordinator position is needed to handle the functions required by the Medi-Cal Administrative Activities (MAA) and Targeted Case Management (TCM) program. The MAA program is funded by federal and local funds. The program offers a way for Local Governmental Agencies (LGAs) and Local Educational Consortia to obtain federal reimbursement for the cost of certain administrative activities necessary for the proper and efficient administration of the Medi-Cal program. The MAA/TCM Coordinator's main objective is to maintain the current funding sources, identify and recommend possible ways to increase funding sources and identify ways to increase program participation in MAA/TCM, as well as, to assist and oversee steps to continue to grow and develop the current programs in order to obtain the least amounts of audit exceptions. The Department had previously employed a Staff Services Coordinator in this capacity however, when the position became vacant in 2010, the Department deleted the position for salary savings. The position will be funded by the revenue generated from Federal Title XIX MAA/TCM based on a pre-approved Federal Financial Participation (FFP) funding ratio. The potential increase in revenue generated by this position is expected to far exceed the full cost of the new position.

The second Staff Services Coordinator position is needed to develop and implement the Public Health Accreditation Board (PHAB) activities and assist with Accreditation Association for Ambulatory Health Care (AAAHC) designation for the Health Services Agency. This position will act as the Accreditation Coordinator. The position will be responsible for managing and coordinating the accreditation process with the health department from early preparation for accreditation, through the accreditation decision, and the post-accreditation annual reports to PHAB. This position is the primary and single point of contact for communication between the health department and PHAB staff through the entire accreditation process. The position will be funded at 75% from Public Health and 25% from Clinics and Ancillary.

The Staff Services Technician position is needed to support the expansion of roles and responsibilities in the Vendor Liaison role in the Woman and Infant Children (WIC) program. This expansion has been mandated by the WIC contract with the federal government. Additional funds were allocated in the contract to support one Staff Services Technician. The additional funding is based on the number of WIC vendors in Stanislaus County.

In summary, the Department is requesting to restore two positions, add four positions, delete four unfunded positions and have six position and/or classification studies performed, netting a total of six new positions to the Department allocation count.

HEALTH SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Clinics & Ancillary	2	6853, 6264	Sr Nurse Practitioner	Restore unfunded positions	Restore vacant positions
Indigent Health Care Program	1	NEW	Family Services Specialist II-block budgeted	Add new position	Family Services Specialist II-block budgeted
Public Health	2	NEW	Staff Services Coordinator	Add new positions	Staff Services Coordinator
Public Health	1	NEW	Staff Services Technician	Add new position	Staff Services Technician
HSA CHANGES	6				
Beginning Allocation	481				
Changes in Allocation	6				
Ending Allocation	487				

HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	5597	Director of Volunteer Services	Classification Study	Study
Administration	1	2064	Accountant II	Classification Study	Study
Administration	1	11742	Staff Services Analyst	Classification Study	Study
Public Health	3	2002, 6928, 7985	Public Health Nurse II	Delete unfunded positions	Delete vacant unfunded positions
Public Health	1	6439	Sr Nurse Practitioner	Delete unfunded position	Delete vacant unfunded position
Public Health	1	NEW	Certified Occupational Therapist Assistant	Add new job classification and position	Study
Public Health	ALL	-	Physical Therapy Assistant	Classification Study	Study
Public Health	ALL	-	Physical/Occupational Therapist II	Classification Study	Study

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $4,586,529 and $52,450 respectively. The Indigent Health Care Program budget will be revisited as part of third quarter and the offsetting adjustment from the Clinics and Ancillary Services and the Mandated County Match will be done at that time. It is further recommended the staffing changes described and outlined in the table above be adopted.

A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
Library

A Strong Local Economy

OVERVIEW

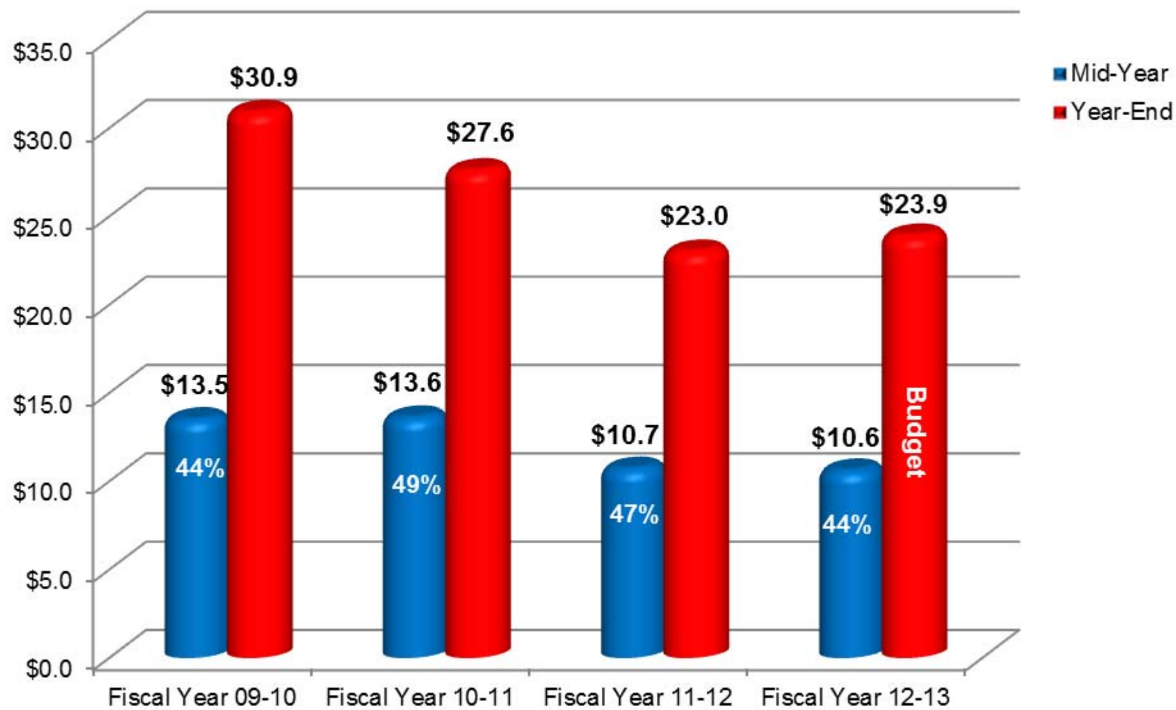
The Board of Supervisors priority area of A Strong Local Economy recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen 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 REVENUES AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of December 31, 2012, actual revenue collected is $9.8 million, which represents 42% of the estimated annual revenue. This is slightly above the range when compared to the mid-year point of the prior three years when collections ranged from 35% and 41% of the final actual revenue.

As of December 31, 2012, expenditures are $10.6 million, representing 44% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 44% to 49% of the final actual expenditures, placing this year within the normal range.

A Strong Local Economy
Four Year Expenditure Comparison



Overall, the departments within A Strong Local Economy are on track to end the year within budget and in a positive fiscal position.

The recommendations contained in this report for A Strong Local Economy include an increase in appropriations of $1,497,923 which is funded by an increase of $1,859,013 in estimated departmental revenue and a decrease in the use of $361,090 in fund balance/retained earnings.

MID-YEAR ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

The Department has been awarded a contract totaling $266,027 through Department of Child Support Services (DCSS) to develop and implement programs that provide employment services to noncustodial parents in the child support system as part of a national demonstration framework. These child support-led employment programs are in addition to existing programs provided by the Department. With the additional funding, the Department will expand program services that focus on non-custodial parents and will include the following components: 1) case management; 2) employment-oriented services that include job placement and retention services; 3) fatherhood/parenting activities using peer support; and 4) child support order modification, programs to reduce child support debt owed to the state and help with parenting plans. Clients served by existing programs will continue to receive services. The DCSS Pathways to Self-Sufficiency contract is federally funded for 60 months. Additionally, the Department has been awarded a contract totaling $15,000 from the Modesto Police Department targeting at-risk youth to provide outreach and education on career exploration, and a contract totaling $30,000 from the California Veterans Employment Collaborative non-profit corporation to enhance training opportunities for veterans. Finally, the Department is requesting a technical adjustment to decrease appropriations and estimated revenue $163,274 from the federal time-limited competitive grants which remained at federal fiscal year end, and to roll those unspent funds into the current fiscal year through an increase in appropriations and estimated revenue by $163,274 in the Workforce Investment Act (WIA) formula grants. Due to the new contract with DCSS, the Department is also requesting to restore one unfunded Family Services Supervisor position and reclassify the position downward to a Family Services Specialist III, as well as, fund one extra-help position to manage increased caseloads.

Alliance Worknet-StanWORKs: The Department has requested to increase appropriations and estimated revenue by $721,191 to administer Welfare to Work (WTW) employment services contracts with outside community based organizations due to increased funding through a partnership with the Community Services Agency. This additional funding is anticipated to increase the number of Welfare to Work (WTW) clients receiving assistance in building the skills and abilities needed to reduce their dependency on public assistance designed to help them move toward greater employability. Working with the subcontracted agencies and CSA, the additional funding is anticipated to increase client employability while keeping clients engaged in mandatory WTW activities for 30-40 hours per week and meeting Work Participation Rates (WPR), and to move clients to unsubsidized employment and eventually off of public assistance.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Alliance Worknet	$266,027	$266,027	$0	$0	Increase appropriations and estimated revenue due to a contract with Department of Child Support Services.
Alliance Worknet	$15,000	$15,000	$0	$0	Increase appropriations and estimated revenue due to a contract with Modesto Police Department.
Alliance Worknet	$30,000	$30,000	$0	$0	Increase appropriations and estimated revenue due to a contract with a non-profit corporation.
Alliance Worknet	($163,274)	($163,274)	$0	$0	Decrease appropriations and estimated revenue in federal time-limited competitive grant funding programs to the Workforce Investment Act formula grant programs.
Alliance Worknet	$163,274	$163,274	$0	$0	Increase appropriations and estimated revenue in the Workforce Investment Act formula grant base allocation from unspent federal time-limited competitive grant funding.
Alliane Worknet-Stanworks	$721,191	$721,191	$0	$0	Increase appropriations and estimated revenue due to a contract with the Community Services Agency.
Total	$1,032,218	$1,032,218	$0	$0	

Staffing Requests: The Department is requesting to restore one unfunded Family Services Supervisor position and reclassify downward to Family Services Specialist III. The restoration of the position is needed in order to allow the Department to adequately handle the case management activities related to a new grant "Pathways to Self-Sufficiency" in partnership with the Department of Child Support Services. There are no fiscal impacts to the County's general fund as this position is funded through the new grant.

ALLIANCE WORKNET STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	1	998	Family Services Supervisor	Restore unfunded position/Reclassify downward	Family Services Specialist III
ALLIANCE WORKNET CHANGES	1				
Beginning Allocation	82				
Changes in Allocation	1				
Ending Allocation	83				

Summary of Recommendations: It is recommended to increase appropriations in the amount of $1,032,218 and estimated revenue in the amount of $1,032,218. It is further recommended the staffing change described and outlined in the table above be adopted.

LIBRARY

The Department has requested to increase appropriations by $465,705 for employee retirement cashouts, health benefits, part-time staff to meet increased service demands, server upgrades to support data storage requirements and to ensure redundancy/back-up in the event of a power supply failure, utilities, and various targeted facility maintenance projects. The Library also requests an increase in estimated revenue of $826,795 due to prior year sales tax collections, increased revenue from processing passport applications, a one-time increase in public facility fees revenue for reimbursement for the completion of a professional services contract for strategic planning efforts, and one-time increased revenue from the 49-99 Library Cooperative System to fund a book club project. The Library mid-year adjustments will result in a net increase to revenue that will be used to reduce the amount of fund balance needed to bridge the budget gap this fiscal year by $361,090. These savings are necessary in order to continue to offset operating costs in the upcoming years.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Library	$0	$465,705	$465,705	$0	Increase appropriations for salaries, retirement cashouts, health benefits, services and supplies, and for other charges
Library	$826,795	$0	($826,795)	$0	Increase estimated revenue for prior year sales tax receipts, charges for fees from services, one-time reimbursement of public facility fees, and one-time revenue from the Library Cooperative System.
Total	$826,795	$465,705	($361,090)	$0	

Summary of Recommendations: It is recommended to increase appropriations in the amount of $465,705 and estimated revenue in the amount of $826,795. This will result in a decrease in the use of departmental fund balance by $361,090.

A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

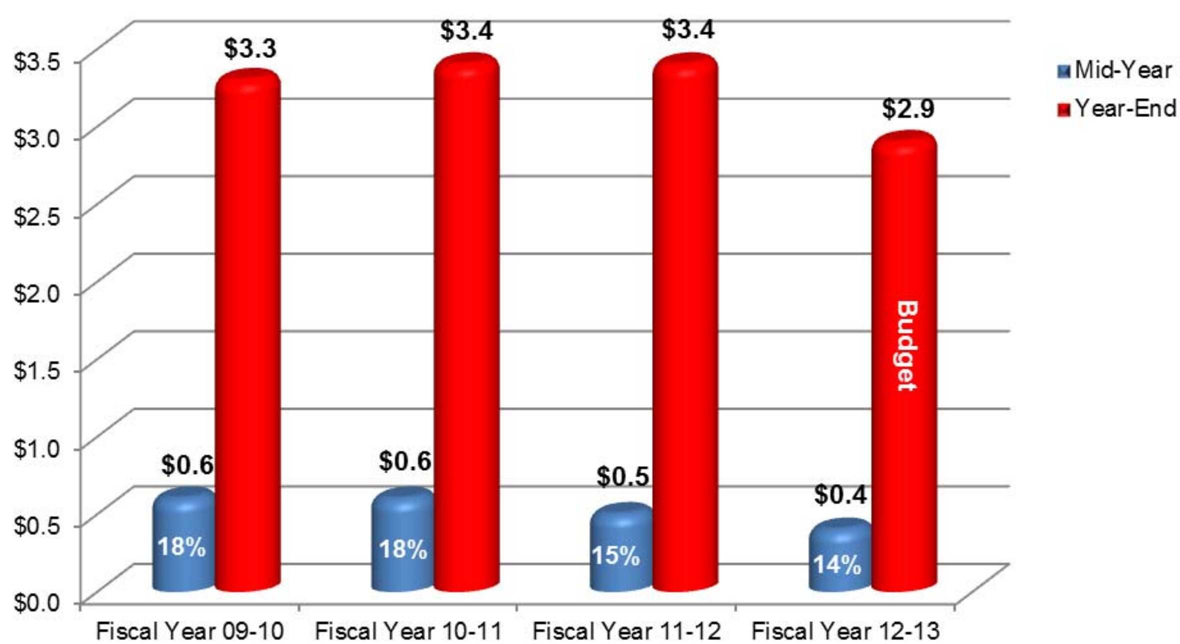
OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

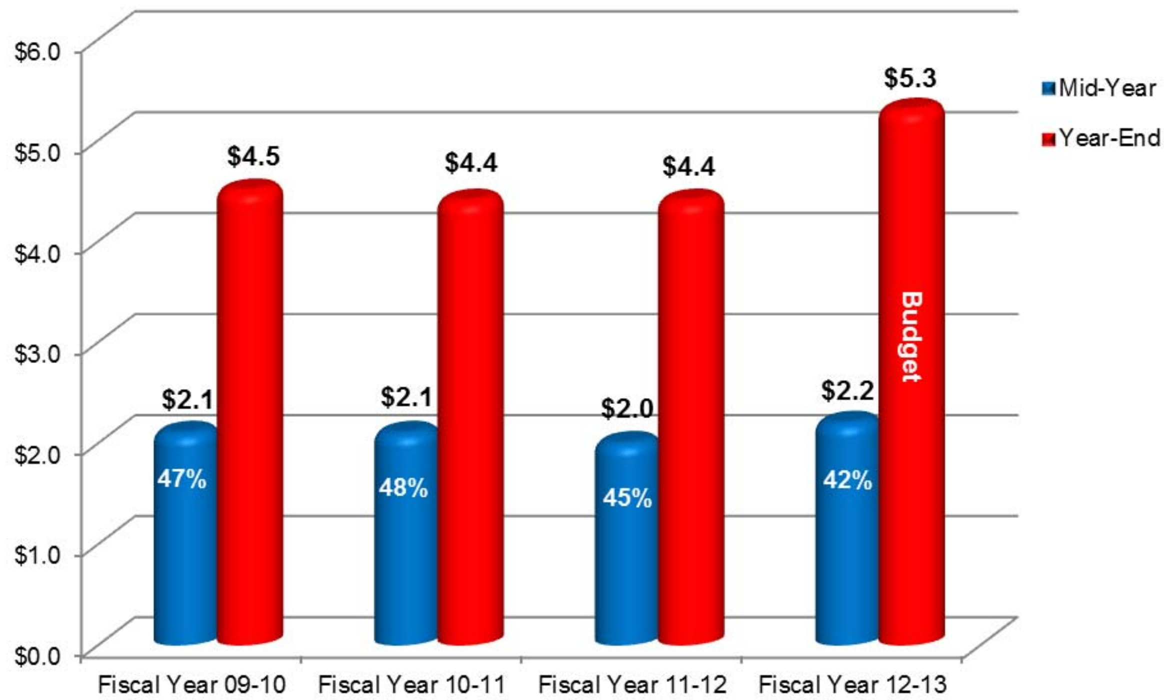
For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of December 31, 2012, actual revenue collected is $434,875 which represents 14% of the estimated annual revenue. This is slightly below the range when compared to the mid-year point of the prior three years when collections ranged from 15% and 18% of the final actual revenue.

A Strong Agricultural Economy/Heritage
Four Year Revenue Comparison



As of December 31, 2012, expenditures are $2.2 million, representing 42% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 45% to 48% of the final actual expenditures, placing this year slightly below the range, which is consistent with departments in this priority who have carried over net county costs savings at fiscal year-end in anticipation of funding increases for salary, health and retirement costs.

A Strong Agricultural Economy/Heritage
Four Year Expenditure Comparison



Overall, the departments within A Strong Agricultural Economy/Heritage are on track to end the year within budget and in a positive fiscal position.

The recommendations contained in this report for A Strong Local Economy include an increase in appropriations of $136,000, which is funded by an increase of $136,000 in estimated departmental revenue.

MID-YEAR ISSUES AND RECOMMENDATIONS

AGRICULTURAL COMMISSIONER

The Department is requesting to increase appropriations and estimated revenue by $136,000 as a result of increased State funding to protect the County's valuable agricultural resources primarily funded through increased State contracts and unclaimed gas tax reimbursement revenue materializing higher than originally budgeted. This additional State funding will allow the Department to conduct egg inspections at production and wholesale facilities, conduct surveillance activities of the glassy-winged sharpshooter, conduct trapping activities for the detection of the light brown apple moth, conduct surveillance and agricultural inspection activities of cantaloupe fields, and to spot check flea markets and swap meets for gunny sacking activities in Stanislaus County.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Agricultural Commisioner	$126,000	$126,000	$0	$0	Increase appropriations and estimated revenue due to increased intergovernmental contracts and unclaimed gas-tax reimbursement revenue.
Agricultural Commisioner	$10,000	$10,000	$0	$0	Increase estimated revenue due to assessment fees collected for monitoring canteloupe production.
Total	$136,000	$136,000	$0	$0	

Staffing Requests: The Department is requesting to reclassify one Systems Engineer II position. In addition, the Department is requesting a classification study be performed to determine the appropriate classification based on the current job duties and responsibilities.

The Department is also requesting to reclassify one Confidential Assistant II position. The Department has recently reassigned some responsibilities to the Confidential Assistant II position and is requesting a new classification study be conducted due to the new job duties. This position was recently reclassified in the 2011-2012 Mid-Year Budget from an Account Clerk III to a Confidential Assistant II.

AGRICULTURAL COMMISSIONER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Agricultural Commissioner	1	790	Systems Engineer II	Classification Study	Study
Agricultural Commissioner	1	3429	Confidential Assistant II	Classification Study	Study

Summary of Recommendations: It is recommended to increase appropriations in the amount of $136,000 and estimated revenue in the amount of $136,000. It is further recommended the staffing changes described and outlined in the table above be adopted.

A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

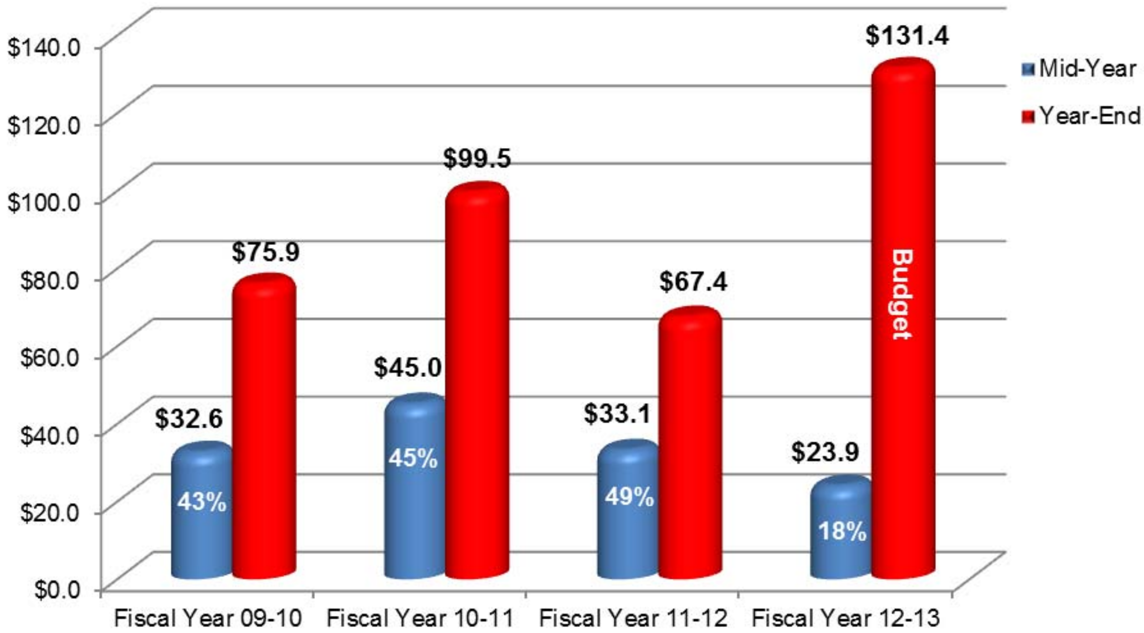
A Well Planned Infrastructure System

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 is funded by special revenue grants. 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.

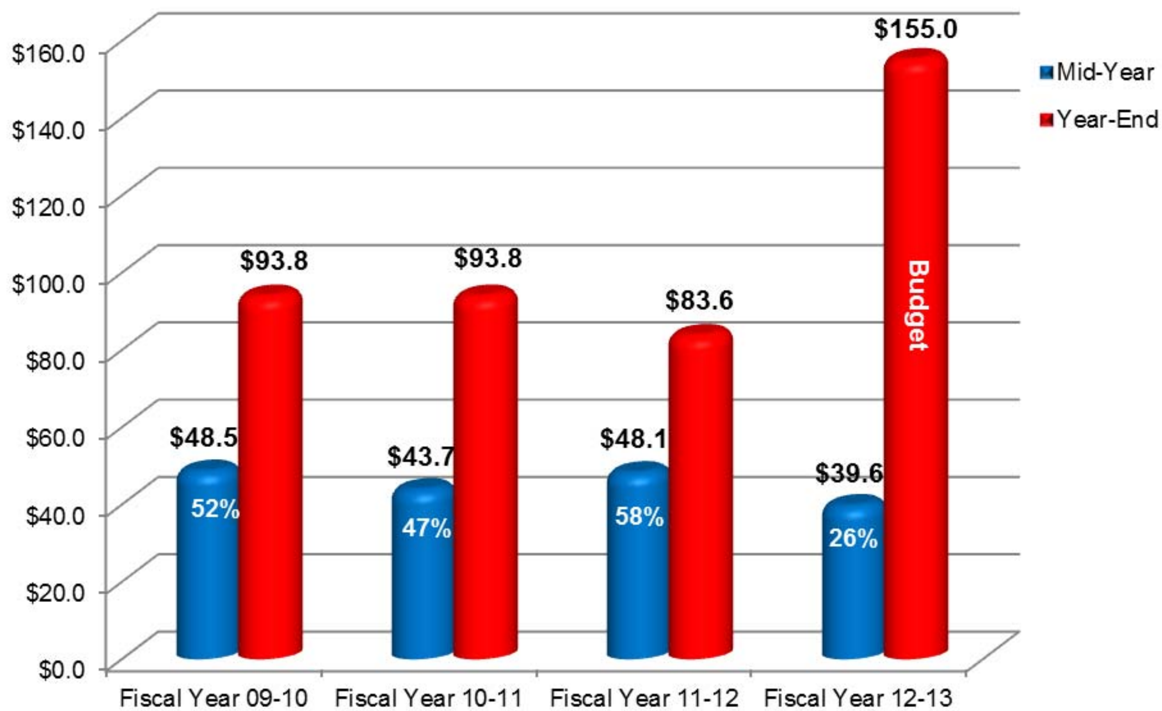
DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of December 31, 2012, actual revenue collected is $23.9 million, which represents 18% of the estimated annual revenue. This is below the range when compared to the mid-year point of the prior three years when collections ranged from 43% and 49% of the final actual revenue. The lower percentage at mid-year compared to the same time last year is primarily due to the timing of two large projects: SR99/Kiernan Interchange Project and Claribel Road Widening. Anticipated revenues for these projects are received as reimbursements, therefore will track with expenditures.



As of December 31, 2012, expenditures are $39.6 million, representing 26% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 47% to 58% of the final actual expenditures, placing this year below the range. The lower percentage at mid-year compared to the same time last year is primarily due to the timing of two large projects: SR99/Kiernan Interchange Project and Claribel Road Widening. The SR99/Kiernan Interchange Project was awarded in late December and will break ground on schedule. The size and scope of this project results in the expenditures occurring over a few years, while appropriations are needed for the entire project in the current year. The timing on award of the Claribel Widening Project has been extended to Fiscal Year 2013-2014.

A Well Planned Infrastructure System
Four Year Expenditure Comparison



Overall, the departments within A Well Planned Infrastructure System are on track to end the year within budget and in a positive fiscal position.

The recommendations contained in this report for A Well Planned Infrastructure System include an increase in appropriations of $887,982, which is funded by an increase of $62,982 in estimated departmental revenue and $825,000 in fund balance/retained earnings.

MID-YEAR ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES – USED OIL RECYCLING

The Department is requesting to increase appropriations and revenue by $2,982 due to unanticipated revenue received from recycled oil. The Used Oil Recycling fund is designated for public education and financial support of used oil and used oil filter recycling related activities. These funds will be spent in accordance with the grant guidelines.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
DER - Used Oil Recycling	$2,982	$2,982	$0	$0	Increase in appropriations and revenue for revenue received from recycled oil.
Total	$2,982	$2,982	$0	$0	

Summary of Recommendations: It is recommended to increase appropriations and revenue by $2,982 for unanticipated revenue received from recycled oil.

PLANNING– GENERAL PLAN MAINTENANCE

The Department is requesting to increase appropriations by $25,000 for internal staff time associated with updating the General Plan not previously budgeted, which is recommended to be funded through the use of departmental fund balance.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Planning-General Plan Maintenance	$0	$25,000	$25,000	$0	Increase appropriations for staff salaries funded through the use of departmental fund balance.
Total	$0	$25,000	$25,000	$0	

Summary of Recommendations: It is recommended to increase appropriations by $25,000 for staff salaries, funded through the use of departmental fund balance. As of December 31, 2012, the General Plan Maintenance fund balance is $1,273,449.

PUBLIC WORKS – MORGAN SHOP

The Department is requesting to increase appropriations by $360,000 to fund increased fuel costs, depreciation expense, compensated absences, and to purchase items needed to rebuild the compressed natural gas (CNG) fueling station. This is funded with an increase in revenue of $60,000 for fuel costs billed to other County departments and $300,000 in the use of departmental fund balance. To ensure uninterrupted availability of CNG fuel, the CNG fueling station is recommended to undergo a rebuild every 5,000 hours. The Department's CNG fueling station was built in 2003 and underwent a rebuild in 2008 at 6,845 hours. The current hours of use since the rebuild are 6,955. The requested appropriations are for the purchase of the needed parts; Morgan Shop staff will perform the work. Funding for the rebuild of the CNG fueling station has been incorporated into the fuel rates charged to customers. These funds have been collected and set aside in restricted fund balance for this purpose.

The Department is also requesting to increase appropriations by $500,000 for the design phase of the Heavy Equipment Maintenance Shop/Office Building, funded with the use of departmental fund balance. However, the department has applied for and expects receipt of Congestion Mitigation Air Quality (CMAQ) funds to fund the design phase of this building. The building would consist of heavy equipment maintenance bays for traditional and CNG vehicles and office/employee space for both the Morgan Shop and Road Operations divisions. The existing metal building was built in 1958 and is used for servicing Public Works' vehicles and equipment used in road maintenance and repairs. The Department has a fleet of approximately 200 vehicles with 23% of the fleet being CNG vehicles. In addition, the Department also services heavy equipment for the Department of Environmental Resources, Agricultural Commissioner, Sheriff's Department, Cooperative Extension, Turlock Mosquito Abatement, and the City of Newman. While the existing shop has served the department well, it is succumbing to age. Some of the issues include a rusted metal roof leaking, bay doors leaking during storms, rusted water lines, leaking water faucets, no insulation in the walls or ceiling of the shop, and the restroom is outdated and in need of repairs. In addition, the shop was not designed for the level of electronics needed in today's vehicle repair.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
PW - Morgan Shop	$60,000	$360,000	$300,000	$0	Increase in appropriations for compensated absences, depreciation, fuels costs, and items to rebuild the CNG fueling station; funded by an increase in revenue and use of fund balance.
PW - Morgan Shop	$0	$500,000	$500,000	$0	Increase appropriations for the design of the Heavy Equipment Maintenance Shop/Office Building.
Total	$60,000	$860,000	$800,000	$0	

Staffing Requests: The Department is requesting a classification study for one Engineering Technician position in Engineering Division. This position coordinates the processing of transportation and encroachment permits, and works with the Planning Division on development projects. Since the requirements of the position are more administrative than engineering related, the Department is requesting the position be studied to determine the appropriate classification based on the current job duties and responsibilities.

PUBLIC WORKS TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Engineering	1	728	Engineering Technician	Classification Study	Study

Summary of Recommendations: It is recommended to increase appropriations by $860,000 for compensated absences, depreciation, fuel costs, to rebuild the CNG fueling station, and the design of the Heavy Equipment Maintenance Shop/Office Building. This is funded with an increase in revenue of $60,000 and $800,000 in the use of department fund balance. As of December 31, 2012, the Department fund balance is $9,121,476, which includes $6.6 million of equipment (net depreciation) and $82,500 of inventory. It is further recommended the staffing change described and outlined in the table above be adopted.

Efficient Delivery of Public Services

COUNTY DEPARTMENTS

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

Efficient Delivery of Public Services

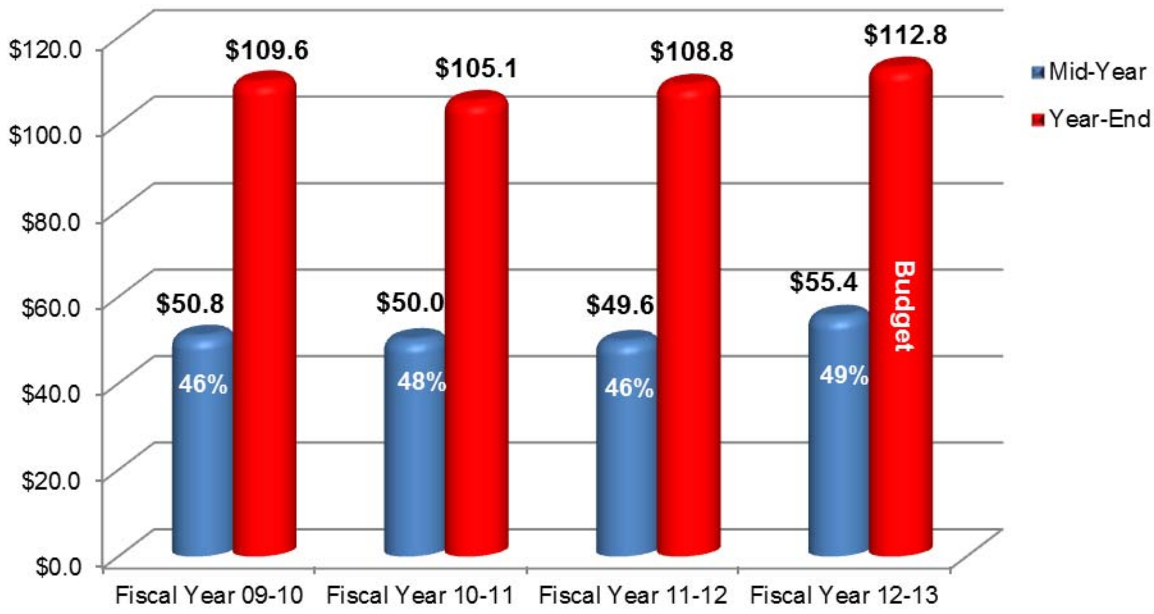
OVERVIEW

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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of December 31, 2012, actual revenue collected is $55.4 million, which represents 49% of the estimated annual revenue. This is slightly above the range when compared to the mid-year point of the prior three years when collections ranged from 46% to 48% of the final actual revenue.

Efficient Delivery of Public Services
Four Year Revenue Comparison



As of December 31, 2012, expenditures are $77.5 million, representing 42% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 47% to 50% of the final actual expenditures, placing this year below the range. The lower percentage of expenditures at mid-year compared to budget is partially attributable to:

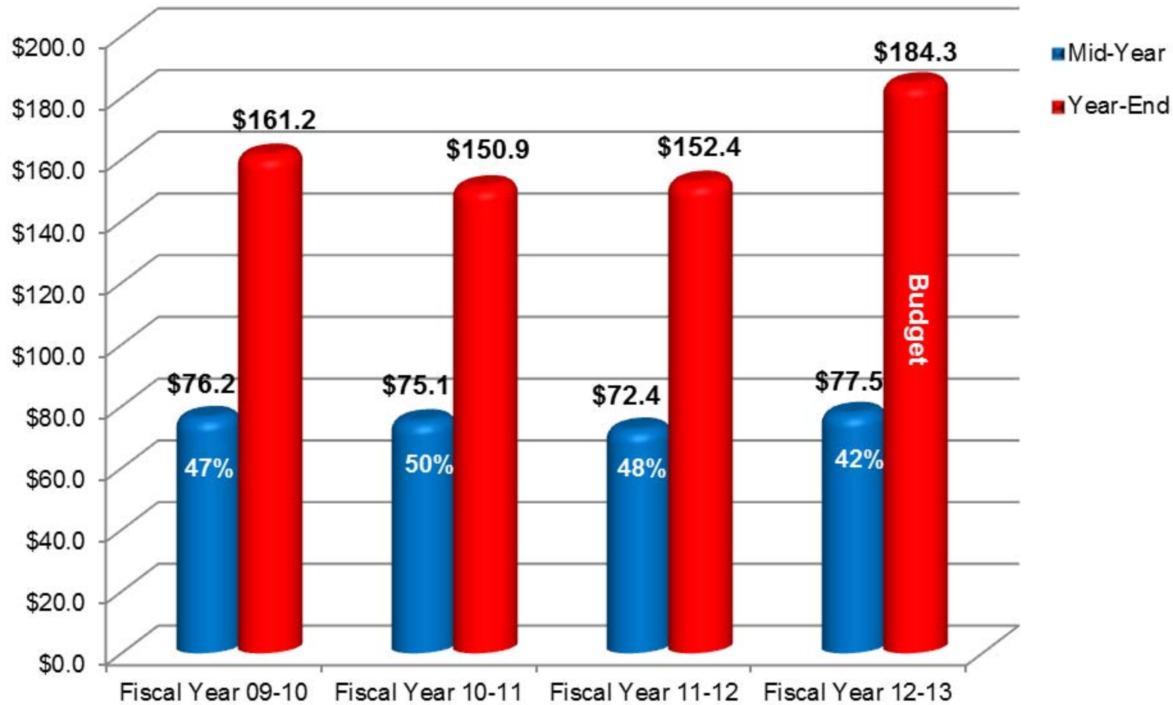
- Approximately $2 million of net county cost savings which departments are planning to not use and carry-over into the 2013-2014 Budget Year;

- Approximately $7.4 million in the County Match Contingency account. The need to utilize funds will be reviewed at third quarter; and

- $4.2 million in County Facilities for the heating, air conditioning, and ventilation (HVAC) system at the Probation Administration and Juvenile Hall facilities. It is anticipated that the full Capital Project budget will be established in the spring of 2013 and transferred from County Facilities to a new Capital Project fund.

It is anticipated that expenditures in the Chief Executive Office – Risk Management Medical Self-Insurance Fund may be greater than appropriations at year-end; however, it is too early to accurately predict the amount of appropriations that will be needed at this time. Several factors that contribute to the uncertainty are as follows: 1) claims that were incurred in calendar year 2012 are still being paid in the first quarter of 2013 and the total of those claims is unknown; 2) since claims data is still immature in this program, incurred and paid claims for calendar year 2013 are difficult to predict; and 3) the amount of stop-loss reimbursement from the County's excess insurance carrier is unknown. The Third Quarter Financial Report will include a report by the County's insurance consultants and health plan vendors on all incurred claims and revenue generated in the first year of the program, at which time a budget adjustment will be requested, if necessary.

Efficient Delivery of Public Services
Four Year Expenditure Comparison



Overall, the departments within Efficient Delivery of Public Services are on track to end the year within budget and in a positive fiscal position, with the exception of the County's Medical Self-Insurance Fund and County Counsel; both of these budgets will be addressed at Third Quarter.

The recommendations contained in this report for Efficient Delivery of Public Services appropriations are recommended to increase by $184,054 and estimated revenue is recommended to decrease by $298,300, resulting in a $482,354 increase in the use of fund balance, funded by Discretionary Revenue growth and departmental fund balance.

MID-YEAR ISSUES AND RECOMMENDATIONS

ASSESSOR

Due to the loss of revenue resulting from a Supreme Court decision in November 2012 relating to the calculation of property tax administration fees (PTAF), the Assessor is in need of an additional contribution from the General Fund for salaries and operating costs. The loss of revenue is approximately $595,000 for the 2012-2013 Fiscal Year and would be the approximate loss in revenue for future years as well. Included in the Department's 2012-2013 budgeted appropriations, is $247,019 of carryover savings. These prior year savings were earmarked to cover the anticipated increases in retirement costs in the next two budget years, and to expand the use of technology throughout the department; however, in light of the recent development, it is recommended that the Department use the $247,019 of carryover savings to offset the decrease of $595,000 in estimated revenue. This will result in a need for an additional contribution from the General Fund of $347,981.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Assessor	($595,000)	($247,019)	$0	$347,981	Decrease in revenue and appropriations due to Supreme Court ruling relating to property tax administration fees (PTAF).
Total	($595,000)	($247,019)	$0	$347,981	

Summary of Recommendations: It is recommended to decrease estimated revenue by $595,000 and decrease appropriations by $247,019, resulting in an additional contribution from the General Fund of $347,981.

CHIEF EXECUTIVE OFFICE – OPERATIONS AND SERVICES

Under the Public Pension Reform Act (AB 340 and AB 197) retired employees are required to sit out for at least 180 days before returning to work for an employer in the same retirement system from which they receive a retirement allowance. There are two exceptions to this rule. The first is if the retiree was in a Public Safety position and is returning to a Public Safety position. The second exception can be made if the Board of Supervisors certifies the appointment is necessary to fill a critically needed position. The Board of Supervisors is required to make this determination in a properly noticed public meeting. Further, the approval of the hiring of a retiree under the required 180 day sit out period must be done in a non-consent agenda item. The Chief Executive Office is requesting to appoint Jim Kwartz, Senior Management Consultant in the Chief Executive Office to an extra help Accountant position immediately following his retirement from County Service on March 31, 2013. Mr. Kwartz has been a critical part of the County's budget team with responsibility for the most complex budget analysis including the County's Discretionary Revenue calculation. Upon Mr. Kwartz' return, he will be assigned to Capital Projects where he will perform complex Accountant duties for projects that have multiple funding streams, such as the AB 900 Jail Expansion projects with funding from State Lease-Revenue bonds. Mr. Kwartz gained considerable experience working with Capital Projects accounting during his nearly 13 years working in the Auditor-Controller's office. This extra-help position will be funded from a combination of various approved Capital Projects budgets and the CEO-Operations and Services budget.

CHIEF EXECUTIVE OFFICE – AIRPORT

In the Final Budget, appropriations were increased to reflect the revenue collected in the Discretionary Revenue budget. This budget funds capital improvements that are approved by the Airport Advisory Board during the fiscal year for the Modesto City/County Airport. As a result of an increase in Aircraft taxes, the Department is requesting to increase appropriations by $12,392. Estimated revenue is budgeted in the Discretionary Revenue budget.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - Airport	$0	$12,392	$0	$12,392	Increase in appropriations due to an increase in aircraft taxes. Revenue captured in the Discretionary Revenue budget.
Total	$0	$12,392	$0	$12,392	

Summary of Recommendations: It is recommended to increase appropriations by $12,392 due to a projected increase in the collection of aircraft taxes. Estimated revenue is budgeted in the Discretionary Revenue budget.

CHIEF EXECUTIVE OFFICE – GENERAL FUND CONTRIBUTION TO OTHER PROGRAMS

Funding for County Match is separated into the following legal budgets: *General Fund Contributions to Other Programs* budget and *Mandated County Match* budget. Programs that receive General Fund funding based on contractual obligations, Board of Supervisor policy decisions, and contributions to outside agencies are included in the Chief Executive Office – General Fund Contributions to Other Programs. It is requested to decrease appropriations by $73,623 due to the receipt of the Fiscal Year 2011-2012 operational cost true-up credit of $165,516 from the Stanislaus Animal Services Agency, the actual earnings increase of $92,218 on the Tobacco Settlement Securitization, and a $325 adjustment made to reflect the actual payment to Stanislaus Council of Governments for membership dues.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - General Fund to Other Contributions	$0	($73,623)	$0	($73,623)	Decrease expenditures due to the receipt of 2011-2012 Operational Cost True-up credit of $165,516 from Animal Services Agency, actual earnings on Tobacco Securitization Settlement $92,218 higher than projected at Proposed, and $325 adjustment in actual StanCOG membership dues.
Total	$0	($73,623)	$0	($73,623)	

Summary of Recommendations: It is recommended to decrease appropriations by $73,623, resulting in an increase of $73,623 in General Fund fund balance.

CLERK RECORDER

Recorder Division: The Department is requesting an increase of $296,700 in appropriations and estimated revenue to fund salaries for additional extra-help staff so that the Department can take on several short-term projects such as reorganizing vital records imaging and developing unit procedures. In addition, this increase will also fund increases in janitorial services, building maintenance services and utilities and to add bollards in the parking lot/building entry area that will provide safety for the public entering the building; $240,657 of these funds, will be budgeted in the Fixed Asset account and set aside to fund an upcoming Capital Improvement Project. Planned expenditures include the replacement of office automation equipment consisting of a video surveillance system, a document scanner, a map scanner, and the installation of a queuing system. The office remodel includes additional air conditioning to the building, a redesign of public counters, and staff cubicles to provide better service to the public and more efficiency for the Clerk Recorder Staff. Additional revenue from recording fees and copy requests will fund these projects. The Clerk Recorder Division anticipates savings in the 2012-2013 Fiscal Year. The Department plans to start on this project this fiscal year and carry over any unused funds related to the unfinished work into Budget Year 2013-2014.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Clerk Recorder-Recorder Division	$296,700	$296,700	$0	$0	Increase in appropriations and revenue to fund items within the Clerk Recorder Budget Unit.
Total	$296,700	$296,700	$0	$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by $296,700 in the Clerk Recorder – Recorder Division.

Elections Division: Due to several legislative changes, the Clerk-Recorder-Registrar of Voters expects to exceed their budget as a result of an increase in salary costs associated with the November 2012 Presidential General Election. Although $268,983 was included in the 2012-2013 Proposed Budget to fund the shortfall for the Presidential General Election, the original estimates did not fully anticipate the additional costs associated with the new laws and requirements surrounding the election process and, therefore, the Department is requesting an increase in appropriations of $185,604, resulting in a net county cost increase of $185,604.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Clerk Recorder-Elections Division	$0	$185,604	$0	$185,604	Increase in appropiations to properly fund the Presidential General Election.
Total	$0	$185,604	$0	$185,604	

Staffing Requests: The Department is requesting to restore one unfunded Staff Services Technician position. Due to recent legislative mandates adding a higher level of complexity and responsibilities, it is requested to restore this position to provide the hands on leadership needed to comply with and execute the new laws.

The Department is also requesting to reclassify two Administrative Clerk III positions and two Administrative Clerk II positions to be block budgeted Legal Clerk III positions in the Elections Division in order to better reflect the duties of the position.

The Department is further requesting to reclassify one Manager I position. A classification study is needed to determine the appropriate classification based on the current level of duties and responsibilities.

CLERK RECORDER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Elections Division	1	6224	Staff Services Technician	Restore unfunded position	Restore vacant position
CLERK RECORDER CHANGES	1				
Beginning Allocation	44				
Changes in Allocation	1				
Ending Allocation	45				

CLERK RECORDER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Elections Division	2	3288, 11719	Administrative Clerk III	Classification study	Study
Elections Division	2	7339, 9415	Administrative Clerk II	Classification study	Study
Recorder Division	1	7929	Manager I	Classification study	Study

Summary of Recommendations: It is recommended to increase appropriations by $185,604 in the Clerk Recorder – Elections Department to properly fund the 2012 Presidential General Election, resulting in an increased General Fund contribution of $185,604 funded by Discretionary Revenue growth. It is further recommended the staffing changes described and outlined in the table above be adopted.

COUNTY COUNSEL

As part of the mid-year review, County Counsel conducted a thorough analysis of its current expenditures and revenue and made projections through the end of the Fiscal Year. This analysis concluded the department will not meet its budgeted revenue and will possibly exceed budget appropriations. The shortfall in revenue can be attributed to an increased workload from General Fund departments which County Counsel does not bill for legal services and the long-term absence of one attorney whose hours are typically billed to Special Revenue and Internal Service Fund departments. Expenditures were projected to slightly exceed appropriations mostly due to unplanned termination cashouts totaling over $75,000.

To account for any unforeseeable expenditure savings or revenue increases, no adjustments will be recommended at this time. As such, the Department may need to return with a request to adjust appropriations and revenue, resulting in an increase to net county cost, during the Third Quarter Financial Report.

GENERAL SERVICES AGENCY – FLEET SERVICES

The Department is requesting to increase appropriations by $10,000 to purchase two shop lifts. There are currently eight lifts and two are in need of replacement. Both lifts were purchased in 1994 and were fully depreciated in 2004. Due to the age of the shop lifts, parts are obsolete and new arms would need to be manufactured to repair the lifts. Without replacement of the two lifts, the length of time to repair vehicles would be extended by 25%, based on removing the two of the eight lifts out of service, and would impact departments waiting for vehicles to be serviced.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
GSA - Fleet Services	$0	$10,000	$10,000	$0	Increase in appropriations to replace two shop lifts, funded by departmental fund balance.
Total	$0	$10,000	$10,000	$0	

Summary of Recommendations: It is recommended to increase appropriations by $10,000 to replace two shop lifts, funded by the use of departmental fund balance. As of December 31, 2012, the Department's available fund balance is $129,364.

STRATEGIC BUSINESS TECHNOLOGY - TELECOMMUNICATIONS

The Department is requesting to transfer appropriations in the amount of $30,000 from Services & Supplies to Fixed Assets to purchase two Cisco switches for network connectivity. The existing Cisco switches that need to be replaced are almost nine years old and are no longer supported by the manufacturer. The switches to be replaced are located at 801 11th Street and 1021 I Street, which supports day-to-day operations for the Clerk Recorder's Office, Probation Department, Sheriff's Department and Strategic Business Technology. These switches do not just provide service to these locations, but are an integral part of the complex infrastructure that is the County network.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Strategic Business Technology - Telecom	$0	($30,000)	$0	($30,000)	Transfer appropriations from Services & Supplies to Fixed Assets to replace 2 Cisco switches.
Strategic Business Technology - Telecom	$0	$30,000	$0	$30,000	Transfer appropriations to Fixed Assets from Services & Supplies to purchase 2 Cisco switches.
Total	$0	$0	$0	$0	

Summary of Recommendations: It is recommended to transfer $30,000 of appropriations from Services and Supplies to Fixed Assets for the purchase of two Cisco switches for network connectivity improvements.

BUDGET SCHEDULE

The following schedule is recommended for the 2012-2013 quarterly financial reporting and for the 2013-2014 Proposed Budget:

- March 1, 2013 — Issue 2012-2013 Third Quarter Budget Instructions
- March 8, 2013 — Issue 2013-2014 Proposed Budget Instructions to Departments
- March 29, 2013 — Department's Third Quarter Budget Submittals due to Chief Executive Office
- April 8, 2013 — Department's Proposed Budget Submittals due to Chief Executive Office
- May 7, 2013 — Third Quarter Financial Report to the Board of Supervisors
- May 31, 2013 — 2013-2014 Proposed Budget available to the Public
- June 11, 2013 — 2013-2014 Fiscal Year Proposed Budget Presentation and Public Hearing to the Board of Supervisors