

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # B-6

Urgent Routine

AGENDA DATE May 1, 2012

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Consideration and Approval of the Third Quarter Financial Report for Fiscal Year 2011-2012, Adjustments to the Budget, Staffing Changes, and set a Public Hearing on June 5, 2012 at 9:05 a.m. for the Consideration and Adoption of the Budget Year 2012-2013 Proposed Budget

STAFF RECOMMENDATIONS:

1. Accept the Chief Executive Officer's Third Quarter Financial Report for Fiscal Year 2011-2012.
2. Authorize the Chief Executive Officer and the Auditor-Controller to make the necessary adjustments as recommended in the Third Quarter Financial Report.
3. Authorize the transfer of \$1,737,857 from the Mandated County Match contingency account as recommended in the Third Quarter Financial Report by a 4/5 vote of the Board of Supervisors.
4. Authorize the Auditor-Controller to process prior year invoices from Behavioral Health and Recovery Services to Stanislaus County Office of Education.

(Continued on Page 2)

FISCAL IMPACT:

The Operating Budget at the Third Quarter point is \$950,804,245, funded with \$887,258,049 in revenue and \$63,546,196 in fund balance and one-time funding sources.

The Third Quarter Financial Report includes an overall appropriation increase to the Operating Budget, for all funds, of \$16,094,114. The report further recommends \$11,893,155 in increased departmental revenue resulting in a \$4,200,959 increase in the use of fund balance/retained earnings.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2012-208

On motion of Supervisor Chiesa, Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Monteith, De Martini and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

MOTION: Amended the Third Quarter Financial Report for FY 2011-2012 to exclude the Planning and Community Development adjustment in the amount of \$140,000.00 (Page 38 of the Report); and approved Staff Recommendations Nos. 1 through 7 as amended



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS: (Continued)

5. Amend the Salary and Position Allocation Resolution to reflect the recommendations included as part of the Third Quarter Financial Report, as outlined in the Staffing Impacts section and detailed in Attachment B to be effective the start of the May 5, 2012 pay period.
6. Approve contracts and/or agreements listed on Attachment C in cumulative amounts of \$100,000 or greater since July 1, 2009.
7. Set a public hearing for the consideration and adoption of the Budget Year 2012-2013 Proposed Budget on June 5, 2012 at 9:05 a.m., and continue to June 6, 2012 at 9:00 a.m., and June 7, 2012 at 9:00 a.m., if necessary; direct the Clerk of the Board to advertise the public hearing; and, authorize the Clerk of the Board to make appropriate changes to the public notice if fee increases are proposed as part of the budget process.

FISCAL IMPACT: (Continued)

In the General Fund, Discretionary Revenue projections have remained the same as stated at Mid-Year. Revenue from sales tax continues to come in as anticipated and the analysis performed during the third quarter review indicates overall Discretionary Revenue will meet the projections of \$145.5 million at year-end.

Following is a brief description of recommended Third Quarter Adjustments and funding source by fund type.

General Fund

The General Fund recommended Third Quarter budget for Fiscal Year 2011-2012 is \$248,100,639, an increase of \$560,168 from the 2011-2012 Third Quarter Operating Budget.

The recommended increase in the General Fund is primarily due to:

- An increase in salaries of \$163,649 in the Agricultural Commissioner's office, to be funded by additional revenue from the California Department of Pesticide Regulations;
- An increase of \$59,182 in the Chief Executive Office (CEO) - County Facilities budget to fund increased costs associated with 12th Street Parking Garage and ongoing operational and maintenance costs for the Finch Road Animal Services facility, to be funded by General Fund fund balance;
- An increase of \$240,715 in the CEO-General Fund Contribution to Other Programs to fully fund the County's obligations to the North McHenry Revenue Sharing Agreement with the City of Modesto, funded by General Fund fund balance;

- An increase of \$96,622 in the Clerk-Recorder Elections budget to fund additional Presidential Primary costs and staffing for signature verification, funded by General Fund fund balance.
- \$1,737,857 of County Match Contingency funds be used to address mandated match costs in Community Services Agency – In Home Supportive Services and Foster Care programs.

Special Revenue Funds

The Special Revenue Fund recommended Third Quarter budget for Fiscal Year 2011-2012 is \$546,802,620, an increase of \$9,772,298 from the 2011-2012 Third Quarter Operating Budget.

The recommended increase in the Special Revenue Fund is primarily due to increased funding for the Behavioral Health and Recovery Services, Community Services Agency, and Health Services Agency programs.

Overall, the department of Behavioral Health and Recovery Services (BHRS) is requesting an increase in appropriations of \$1,093,500 within their budgets. The overall increase is primarily attributed to:

- A \$950,000 increase in contract expenses in the BHRS-Managed Care budget due to an increase in psychiatric hospitalization usage;
- A \$50,000 increase to cover expenses associated with the Strategic Planning process for 24-Hour Secure Mental Health Services;
- A \$73,500 increase in the BHRS-Alcohol and Drug program to amend an existing agreement for Primary Prevention Services; and,
- A \$20,000 increase in appropriations in the BHRS-Public Guardian budget due to unexpected retirement cashouts.
- Approval for the Auditor-Controller to process prior year invoices from Behavioral Health and Recovery Services for graphic services performed last fiscal year. No appropriation increases are requested for these payments.

The Community Services Agency (CSA) is requesting an increase in appropriations of \$5,304,250 in the CSA-IHSS Provider Wages, CSA-Public Authority Administration, CSA-Public Authority Benefits Administration, and the CSA-Public Economic Assistance budgets. The overall increase is primarily due to:

- A \$6,488,261 increase in the CSA-IHSS Provider Wages associated with the Memorandum of Understanding (MOU), and State and Federal funding.
- A \$497,009 increase in CSA-IHSS Provider Benefits associated with the Memorandum of Understanding (MOU), and State and Federal funding.
- A \$1,697,507 decrease in the CSA-Public Economic Assistance programs consistent with current trends in caseloads and grants.
- A 16,487 increase in the CSA-Public Authority Administration due to contracted staff costs.

Consideration and Approval of the Third Quarter Financial Report for Fiscal Year 2011-2012, Adjustments to the Budget, Staffing Changes, and set a Public Hearing on June 5, 2012 at 9:05 a.m. for the Consideration and Adoption of the Budget Year 2012-2013 Proposed Budget
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It is important to note, although the Department is requesting to decrease the overall Public Economic Assistance budget, a critical funding need exists for the Foster Care program due to the lack of available local match, resulting in the recommendation to use \$1,737,857 in County Match Contingency funds to fund increased program costs.

The Health Services Agency (HSA) is requesting a one-time transfer of \$3,201,648 from the Clinics and Ancillary Services budget to fund the current fiscal year budgeted revenue shortfall in the HSA Indigent Health Care Program (IHCP).

Other budget adjustments recommended within the Special Revenue Fund include an increase of \$2,200 in the General Services Agency budget due to an increase in Commercial Insurance and pest control costs and a \$30,700 increase in the Library budget for a donation from the Stanislaus Library Foundation to fund the 2012 Summer Reading Program.

Capital Projects Funds

The Capital Projects Fund recommended Third Quarter budget for Fiscal Year 2011-2012 is \$19,021,241, and represents no change from the current Operating Budget.

Enterprise Funds

The Enterprise Fund recommended Third Quarter budget for Fiscal Year 2011-2012 is \$66,488,658, an increase of \$3,661,648 from the 2011-2012 Third Quarter Operating Budget.

The recommended increase in the Enterprise Fund is due to an increase in the HSA – Clinics and Ancillary budget to transfer funds to the HSA – Indigent Health Care program and an increase in the Environmental Resources – Geer Road Landfill budget for additional well drilling associated with the Cease and Desist Order issued by the State.

Internal Service Funds

The Internal Service Fund recommended Third Quarter budget for Fiscal Year 2011-2012 is \$86,485,201, an increase of \$2,100,000 from the 2011-2012 Third Quarter Operating Budget.

The recommended increase in the Internal Service Funds is due to an increase in appropriations and revenue of \$2,100,000 in the CEO-Risk Management Medical Self-Insurance budget due to changes in the self-funded plan, and in the CEO-Risk Management Workers' Compensation budget for settlement of various claims and reimbursement revenue from excess insurance carriers.

The following table depicts the recommended adjustments by fund type:

Summary of Third Quarter Adjustments by Fund				
Fund Type	Adopted Final Budget 2011-2012	Third Quarter Legal Budget 2011-2012	Recommended Third Quarter Adjustments	Recommended Third Quarter Budget 2011-2012
General Fund	\$ 230,029,775	\$ 247,540,471	\$ 560,168	\$ 248,100,639
Special Revenue Fund	\$ 501,756,368	\$ 537,030,322	\$ 9,772,298	\$ 546,802,620
Capital Projects Fund	\$ 18,839,895	\$ 19,021,241	\$ -	\$ 19,021,241
Enterprise Fund	\$ 61,262,641	\$ 62,827,010	\$ 3,661,648	\$ 66,488,658
Internal Service Fund	\$ 79,238,424	\$ 84,385,201	\$ 2,100,000	\$ 86,485,201
Total	\$ 891,127,103	\$ 950,804,245	\$ 16,094,114	\$ 966,898,359

Fund Balance

On July 1, 2012, the beginning Fund Balance for all funds was \$352,646,530. The current approved operating budget includes the use of \$63,546,196 in fund balance/retained earnings. If approved, the Third Quarter recommendations will increase the use of fund balance in all funds by \$4,200,959. As a result of these recommendations and previous Board actions, the ending fund balance for all funds will be \$284,899,375.

The following table illustrates the Fund Balance by fund type:

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

DISCUSSION:

The primary objective of the Third Quarter Financial Report is to make any necessary adjustments to ensure the County budget ends the fiscal year in a positive fiscal position. Also included in the report is a look forward at significant budget challenges,

Consideration and Approval of the Third Quarter Financial Report for Fiscal Year 2011-2012, Adjustments to the Budget, Staffing Changes, and set a Public Hearing on June 5, 2012 at 9:05 a.m. for the Consideration and Adoption of the Budget Year 2012-2013 Proposed Budget
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as well as, a discussion on budget strategies currently in place, to assure a balanced budget in the 2012-2013 Budget Year.

Summary of Adopted Final Budget

The Adopted Final Budget approved on September 13, 2011, totaled \$891.1 million, and reflected a decrease of approximately \$27.7 million for all funds as compared to the 2010-2011 Adopted Final Budget of \$918.8 million. The General Fund totaled \$230 million, a decrease of 3 percent when compared to the 2010-2011 Adopted Final Budget of \$237 million. Included in department recommendations was the use of \$934,428 in Fiscal Year 2011-2012 General Fund fund balance for departments as a result of the 75% Net County Cost Savings Program. At the close of Fiscal Year 2010-2011, \$9.2 million was carried forward for this purpose using existing unexpended departmental appropriations. However, because some departments realized their net county cost savings by bringing in excess revenue in 2010-2011, a recommendation was included in the Final Budget Addendum to increase 2011-2012 departmental appropriations by the amount of the additional revenue. Departments have benefited by a total of \$10.2 million through this savings program over the past two fiscal years.

Current Operating Budget

Adjustments to the Adopted Final Budget have been approved by the Board and incorporated into what is referred to as the Operating Budget for the current fiscal year. These changes include encumbrances carried over from the prior fiscal year, departmental savings from the prior fiscal year that have been added to the Adopted Final Budget appropriations, and adjustments approved by the Board through various agenda items. As a result of these adjustments made prior to the third quarter review, the Operating Budget is \$950,804,245, funded with \$887,258,049 in revenue and \$63,546,196 in fund balance and one-time funding sources.

Summary of Recommended Third Quarter Adjustments

The 2011-2012 Third Quarter Financial Report reflects recommended adjustments and a fiscal review of department budgets. Overall, departments are requesting an increase in appropriations of \$16,094,114 and an increase in estimated revenue of \$11,893,155, resulting in an overall increase in the use of fund balance/retained earnings in all funds of \$4,200,959.

Summary of Recommended Third Quarter Adjustments by Board Priority

The following table illustrates the recommended third quarter adjustments by priority area. A more detailed explanation is included in the Third Quarter Financial Report (Attachment "A"):

Appropriations	A Safe Community	A Healthy Community	A Strong Local Economy	A Strong Agricultural Economy/Heritage	A Well Planned Infrastructure System	Efficient Delivery of Public Services	2011-2012 Recommended Adjusted Budget
Adopted Final Budget	\$142,780,614	\$442,000,515	\$24,658,271	\$4,394,350	\$111,206,476	\$166,086,877	\$891,127,103
Legal Budget							
Adjustments Through Third Quarter Review	\$19,680,978	\$17,700,589	\$2,023,846	\$880,272	\$12,384,229	\$7,007,228	\$59,677,142
Recommended Third Quarter Adjustments	\$0	\$12,801,046	\$30,700	\$163,649	\$600,000	\$2,498,719	\$16,094,114
Total Recommended Third Quarter Appropriations	\$162,461,592	\$472,502,150	\$26,712,817	\$5,438,271	\$124,190,705	\$175,592,824	\$966,898,359

Current Issues and Ongoing Challenges

A summary of various current issues and ongoing challenges can be found on pages 7-10 of the Third Quarter Financial Report. They include:

Labor Relations. The County currently has agreements in place with all Labor Associations through June 30, 2012 which include a 5% salary deduction. In the fall of 2011, a majority of the County Labor Associations engaged in voluntary salary discussions with the County on a permanent 6% Salary Deduction Agreement to be effective July 1, 2012, after the expiration of the current 5% Salary Deduction Agreement. Included in these agreements is a provision to extend the current contract expiration dates from June 30, 2012 to June 30, 2014. Eight of twelve labor organizations agreed to the permanent 6% salary deduction during these voluntary salary discussions. The County has started negotiations with the four remaining labor groups (Stanislaus County Employees Association AFSCME Local 10, Service Employees' International Union, County's Attorneys Association, and California Nurse's Association).

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

Retirement Costs. The Stanislaus County Employees Retirement Association (StanCERA) Board authorized the transfer of \$12.6 million from non-valuation reserves to offset a portion of the County's retirement costs for the 2011-2012 Fiscal Year. While this action was instrumental in mitigating the increased retirement costs in Fiscal Year 2011-2012, this funding will not be available in Budget Year 2012-2013. Without this

mitigation, department budgets will experience an estimated overall increase in retirement rates of approximately 25% next fiscal year.

Health and Human Services. Significant unmet needs continue to exist in Public Assistance programs and In-Home Supportive Services (IHSS). As part of the Mid-Year Financial Review, the Community Services Agency estimated a potential critical unmet need of \$4.1 million in additional County Match for these programs; however, caseload reductions and increased realignment revenue have now reduced that unmet need to a total of \$1.7 million as recommended in this report for the current fiscal year. The exposure in Public Economic Assistance is due largely to recent changes in the Foster Care program, which increased the placement rates and extended the age limit on children in Foster Care to 19 in the current year. Reductions in CalWORKs caseloads and increased realignment revenue were instrumental in reducing the exposure in Public Economic Assistance, from an estimated \$2.9 million at mid-year to the current \$1.3 million. The Department is projecting continued exposures to the General Fund for the Foster Care program in Budget Year 2012-2013, ranging from \$1.7 million to \$5 million.

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

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

Public Safety Realignment. For the first nine months of operation in Fiscal Year 2011-2012, Stanislaus County will receive \$6.6 million from the State for Public Safety Realignment (AB 109). Departments have initiated implementation of the programs as outlined in the Community Corrections Partnership Phase I plan; however, full implementation has been delayed due to staffing shortages and the extensive hiring and background process. The Community Corrections Partnership continues to meet and have started the development of the Phase II Plan. At this time, counties remain positive regarding continued receipt of State realignment dollars, but are unsure if the funding will be adequate to fund all of the expenses incurred in the future. The

Consideration and Approval of the Third Quarter Financial Report for Fiscal Year 2011-2012, Adjustments to the Budget, Staffing Changes, and set a Public Hearing on June 5, 2012 at 9:05 a.m. for the Consideration and Adoption of the Budget Year 2012-2013 Proposed Budget
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Governor has included continued Realignment funding in the Fiscal Year 2012-2013 Proposed State Budget.

AB 900 Jail Construction. On March 9, 2012, the County was notified by the Corrections Standards Authority that it was awarded \$80 million in State Local Jail Construction funding (AB 900 Phase II), which requires a \$9.5 million local cash match, for a proposed project totaling \$89.5 million. Funding will be used to construct 384 maximum security beds, 72 medical/mental health beds, and a Programs/Day Reporting Facility. The Project Manager will recommend that the Board approve several critical actions over the next several months to ensure the project can proceed with an accelerated two-track, design-build approach for the construction of jail beds and the Programs/Day Reporting Center. This will provide for the State Public Works Board (SPWB) and the State Money Pooled Investment Board (PMIB) to approve and fund the project at the time of the award of the design-build contracts.

The financing mechanism used to fund State public works projects such as new local jail construction, is a short-term interim financing of the project using funds from the State's pooled money investment account and long-term lease revenue bond financing. The new facility will require an increase in detention staffing resources in 2016.

Aging County Facilities Need Repair and Renovation. Urgent repairs are necessary for the Juvenile Detention and Adult Detention Facilities. Immediate repairs could exceed \$4.1 million. Staff will continue to evaluate multiple funding and phasing strategies to meet these needs now and in the future, and recommend funding begin in the 2012-2013 Budget Year.

State Budget. The Governor's May Revise is traditionally issued the 2nd or 3rd Tuesday of May (May 8th or 15th). Early estimates project a \$9.2 billion deficit for Fiscal Year 2012-2013. At a very high level, the November California Tax Increase Initiative will increase the State income tax levied on annual earnings over \$250,000 for five years, increase the State's sales and use tax by ½ cent for four years, and allocate 89% of temporary tax revenues to K-12 schools and community colleges.

Evaluation of Contract Services

Current County policy requires Board of Supervisors approval for any contract or agreement where the total cumulative compensation exceeds \$100,000. Cumulative refers to all compensation paid by an individual department since July 1, 2009 where there has been no break in contractual services over six months. Contracts or agreements and/or contract adjustments not previously approved by the Board of Supervisors equal to \$100,000 or greater are detailed in Attachment C.

POLICY ISSUES:

The Board of Supervisors is asked to consider whether the recommendations included in the attached Third Quarter Financial Report are consistent with the Board of Supervisors stated priorities of ensuring A Safe Community, A Healthy Community, A

Strong Local Economy, Effective Partnerships, A Strong Agricultural Economy/Heritage, A Well Planned Infrastructure System and Efficient Delivery of Public Services.

STAFFING IMPACTS:

The Board of Supervisors approved funding for 3,724 allocated positions as part of the 2011-2012 Mid-Year Budget. This number included two reductions-in-force with a future effective date of June 30, 2012. A separate agenda item went to the Board of Supervisors to add one new position at StanCERA on March 6, 2012, bringing the total allocation count to 3,725 prior to the Third Quarter Report. Three departments have requested to restore a total of four unfunded positions as part of the Third Quarter Report bringing the recommended number of allocated full-time positions to 3,729.

There are also several technical adjustments recommended in the Third Quarter Report including a classification study to validate the need to add a new Manager II at Behavioral Health and Recovery Services (BHRS), conducting a classification study for a Senior Criminal Investigator position at the District Attorney's office, reclassifying downward a Mental Health Clinician II at BHRS to a Staff Services Coordinator, reclassifying downward a Staff Services Coordinator at Strategic Business Technology (SBT) to an Application Specialist III, reclassifying laterally a Sr. Software Developer/Analyst at SBT to a Sr. Systems Engineer, and transfer a Manager II between two budget units at Health Services Agency.

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

The Chief Executive Office has completed the classification and salary review for the Administrator of the Department of Child Support Services. As described in this report, the Director of Child Support position is currently in band H (\$128,253 - \$192,358 annually) in recognition that the minimum qualification included Licensure by the California State Bar. Based on the salary and classification survey data it is recommended to move this classification to band G (\$104,644 - \$156,977 annually) and to eliminate the minimum qualification of Licensure by the California State Bar from the job specification.

The summary below reflects the specific Third Quarter staffing recommendations:

TOTAL CURRENT AUTHORIZED POSITIONS AT MID-YEAR 2011-2012	3,724
Separate agenda item on 03/06/12 for StanCERA to add one new position	1
Total full-time allocated positions	3,725
Restore Unfunded Positions at Third Quarter	4
Total Changes to Position Allocation since Mid-Year Report	5
RECOMMENDED AUTHORIZED POSITIONS FOR THIRD QUARTER 2011-2012	3,729

Consideration and Approval of the Third Quarter Financial Report for Fiscal Year 2011-2012, Adjustments to the Budget, Staffing Changes, and set a Public Hearing on June 5, 2012 at 9:05 a.m. for the Consideration and Adoption of the Budget Year 2012-2013 Proposed Budget
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RECOMMENDATIONS AFFECTING POSITION ALLOCATION COUNT

Department	Restore Vacant Positions Subtotal
Alliance Worknet	1
Assessor	1
Health Services Agency	2
Grand Total	4

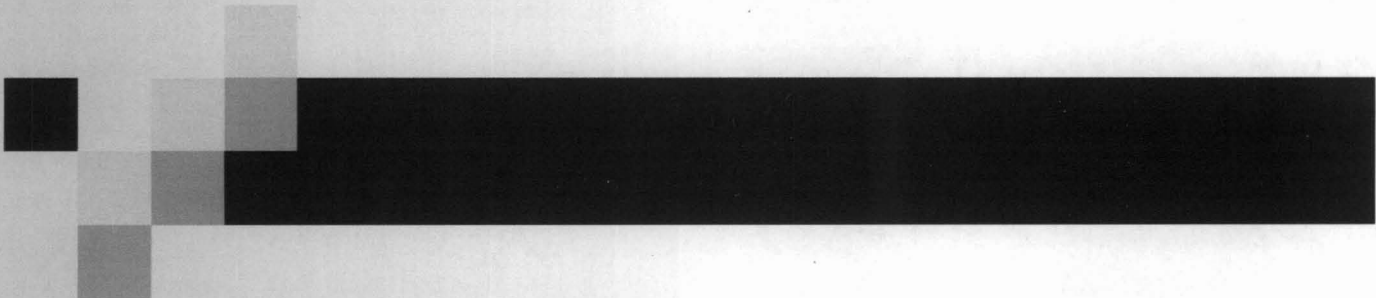
TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION

Department	Study	Reclassify Downward	Reclassify Laterally	Transfer In	Transfer Out	Salary Band Change
Behavioral Health & Recovery Services	1	1				
Child Support Services						1
District Attorney	1					
Health Services Agency				1	-1	
Strategic Business Technology		1	1			
Grand Total	2	2	1	1	-1	1

The staffing attachment (Attachment B) reflects the changes to authorized positions recommended as part of the Third Quarter Financial Report. It is recommended that the Salary and Position Allocation Resolution be amended to reflect these changes effective the start of the May 5, 2012 pay period, unless otherwise noted.

CONTACT PERSON:

Monica Nino, Chief Executive Officer. Telephone: (209) 525-6333.



Third Quarter Financial Report July 2011 — March 2012

BOARD OF SUPERVISORS

**William O'Brien, Chairman
Vito Chiesa
Terry Withrow
Dick Monteith
Jim DeMartini**

**Submitted by
Chief Executive Officer
Monica Nino**

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Introduction

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

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

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

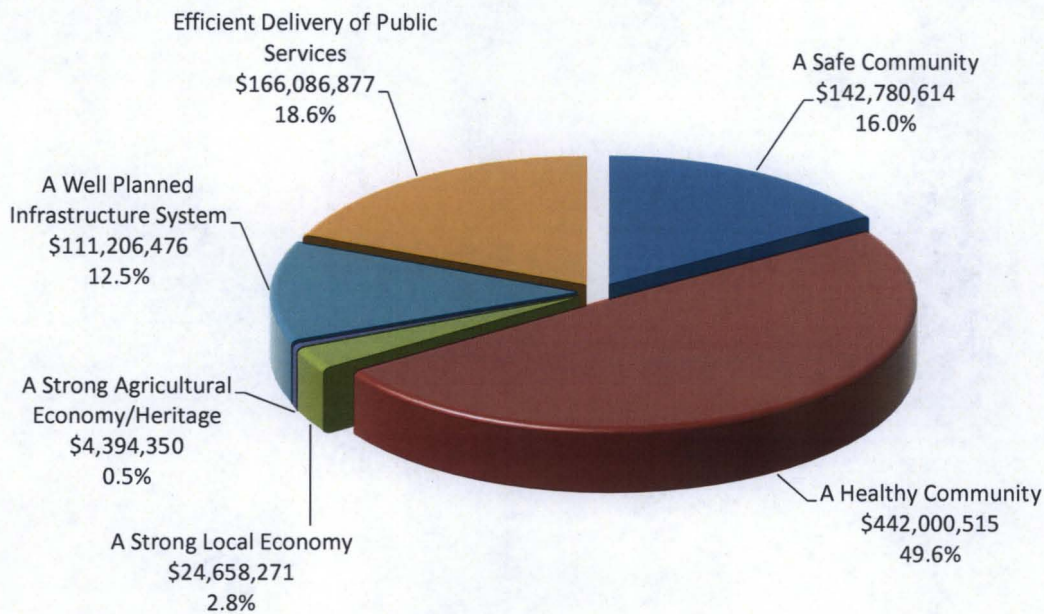
Summary

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

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

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

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



BUDGET OVERVIEW

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

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

The 2011-2012 Mid-Year Financial Report presented on March 6, 2012 included a fiscal review of departmental budgets, reflected recommended adjustments and a cash analysis, by fund, at mid-year. The Chief Executive Office's mid-year recommendations included an overall increase in appropriations of \$3,484,426 and an increase in estimated revenue of \$17,516,045, which resulted in a decreased use of fund balance of \$14,031,619.

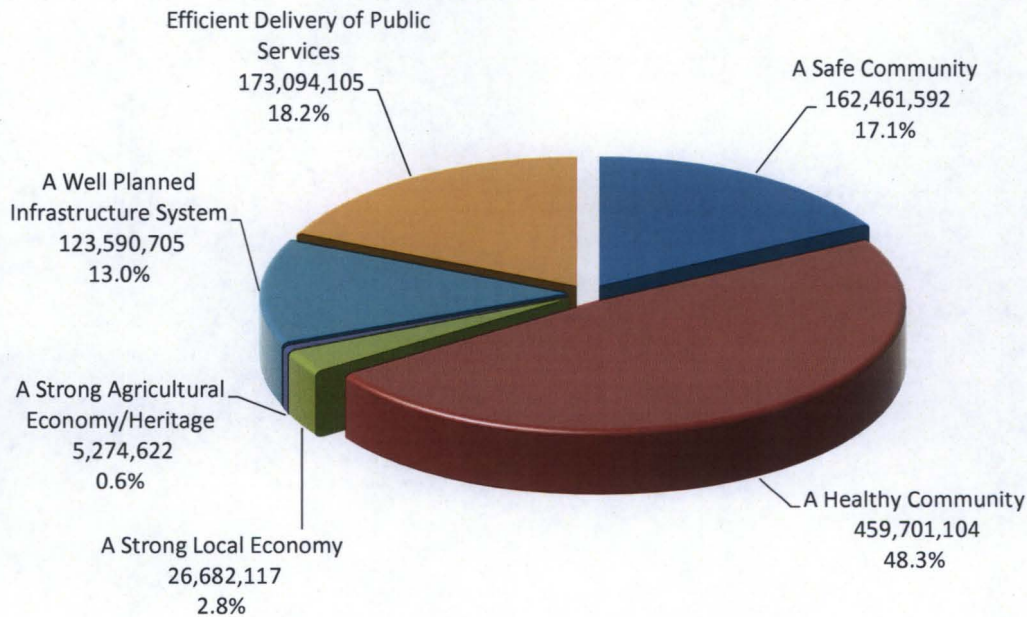
As part of the Mid-Year Financial Report, discretionary revenue projections were re-evaluated and were projected at approximately 4% higher than the final budgeted amount. As such, a \$5.5 million adjustment was recommended and approved as part of the mid-year review.

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

These adjustments made prior to the third quarter review increased the total County budget to \$951 million in available spending authority in the current fiscal year.

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

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



Summary of Requested Third Quarter Adjustments

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

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

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

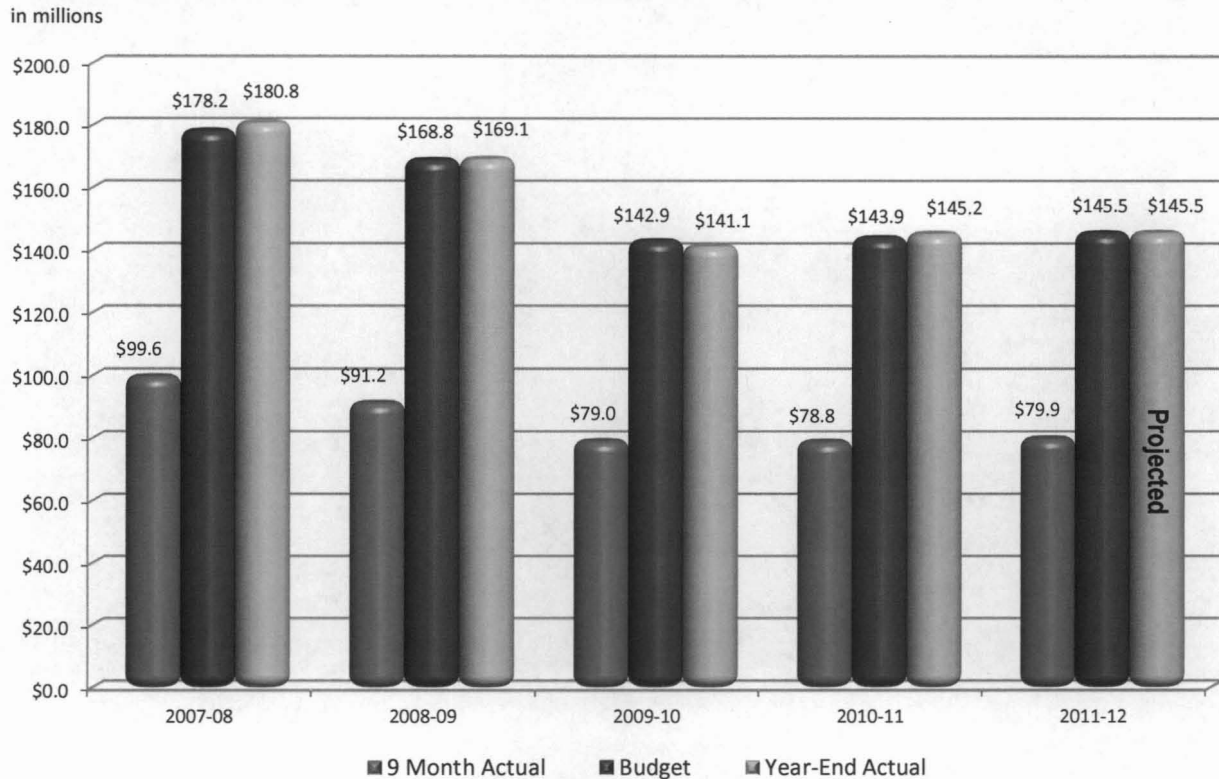
GENERAL FUND UPDATE

Discretionary Revenue

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

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

General Fund—Discretionary Revenue Five Year Comparison



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

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

CURRENT ISSUES AND ONGOING CHALLENGES

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

Labor Relations

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

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

Library Sales Tax Measure

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

Retirement

For the 2011-2012 Fiscal Year, the Stanislaus County Employees' Retirement Association Board (StanCERA) took action to mitigate proposed retirement rate increases. StanCERA authorized the transfer of \$12.6 million from non-valuation reserves to offset a portion of the County's retirement costs for the 2011-2012 Fiscal Year. While this action was instrumental in mitigating the increased retirement costs in Fiscal Year 2011-2012, this funding will not be available in Budget Year 2012-2013. Without this mitigation, departments will experience an estimated overall increase in retirement rates. StanCERA's actuarial study was approved by its Board on March 14, 2012 and these rates will be brought in an agenda item to the Board of Supervisors before the end of the fiscal year.

Health and Human Services

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

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

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

As part of the 2011-2012 Adopted Final Budget, the Health Services Agency identified a significant exposure of \$2.9 million in the current year for the Medically Indigent Adult (MIA) program that remains unfunded. As of the third quarter, this exposure has increased to \$3.2 million and is the result of increased utilization and program changes pertaining to patient liability for those individuals who are eligible. For the

second consecutive year, the Department is requesting to use previous years' one-time savings in the Clinics and Ancillary Services budget to fund this exposure. Regardless of funding levels, MIA services are mandated and the County is required to provide, or arrange for the provision of, medical services for indigent residents of the County. The Department anticipates an additional exposure of over \$4.1 million next fiscal year.

Public Safety Realignment

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

AB 900 Phase II Jail Construction Funding

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

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

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

Aging County Facilities Need Repair and Renovation

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

State Budget Update

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

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

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

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

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

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

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

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

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

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

2012-2013 PROPOSED BUDGET SCHEDULE

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

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



A Safe Community

COUNTY DEPARTMENTS

CEO-OES/Fire Warden

CEO-Capital Projects

CEO-County Operations

District Attorney

Grand Jury

Integrated County Justice Information System

Probation

Public Defender

Sheriff

A Safe Community

OVERVIEW

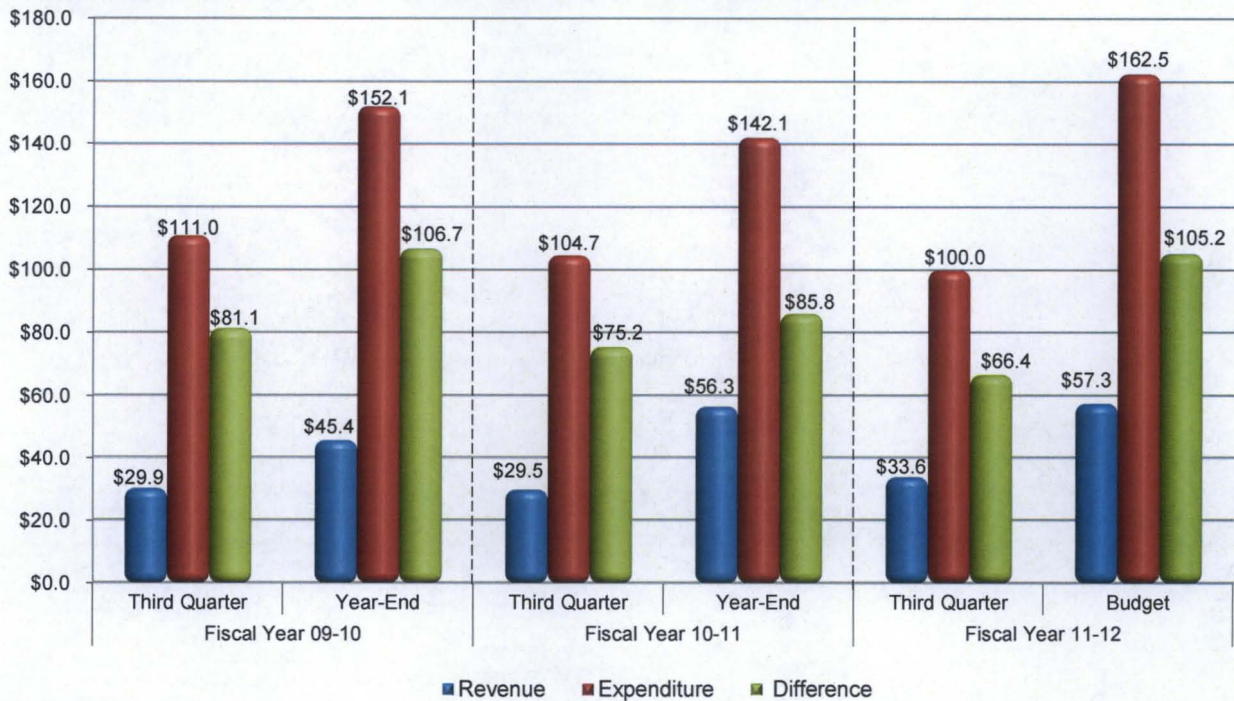
Ensuring a safe community and protecting the safety of the residents of Stanislaus County continue to be a top priority of the Board of Supervisors. Departments assigned to the Board of Supervisors priority area of A Safe Community include: Chief Executive Office - Office of Emergency Services/Fire Warden,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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of March 31, 2012, actual revenue collected is \$33.6 million, which represents 58.6% of the estimated annual revenue. This is within the range when compared to the third quarter point of the prior two years when collections were at 65.8% and 52.4% of the final actual revenue. As of March 31, 2012, expenditures are \$100 million, representing 61.6% of the budgeted appropriations. Expenditures at the third quarter point of the prior two years were 73% and 73.7% of the final actual expenditures, placing this year below the range.

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

A Safe Community Three Year Comparison



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

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

THIRD QUARTER ISSUES AND RECOMMENDATIONS

CHIEF EXECUTIVE OFFICE - COUNTY COURT FUNDING

In the Mid-Year Financial Report, the Chief Executive Office reported that a noticeable drop in revenue collected from Court fines and fees could result in an increased need for General Fund revenue in the County Court Funding budget in order to fund Court operations. Mid-year projections indicated a shortfall of approximately \$230,000 but a strong increase in fines and fees collected and some one-time revenues have reduced the need to approximately \$100,000. The Chief Executive Office is recommending the use of up to \$175,000 of net county cost contribution to cover the revenue shortfall and to accommodate an additional revenue dip in the fourth quarter if one should occur. It should also be noted that the General Fund contribution to this budget will need an increase in the coming budget year in order to meet the

obligations of local court services. No increase to appropriations is necessary at this time as this budget is coming in under the expenditure budget.

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

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

DISTRICT ATTORNEY

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

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

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

SUMMARY

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



A Healthy Community

COUNTY DEPARTMENTS

Area Agency on Aging/Veterans' Services

Behavioral Health and Recovery Services

Child Support Services

Children and Families Commission

Community Services Agency

Health Services Agency

A Healthy Community

OVERVIEW

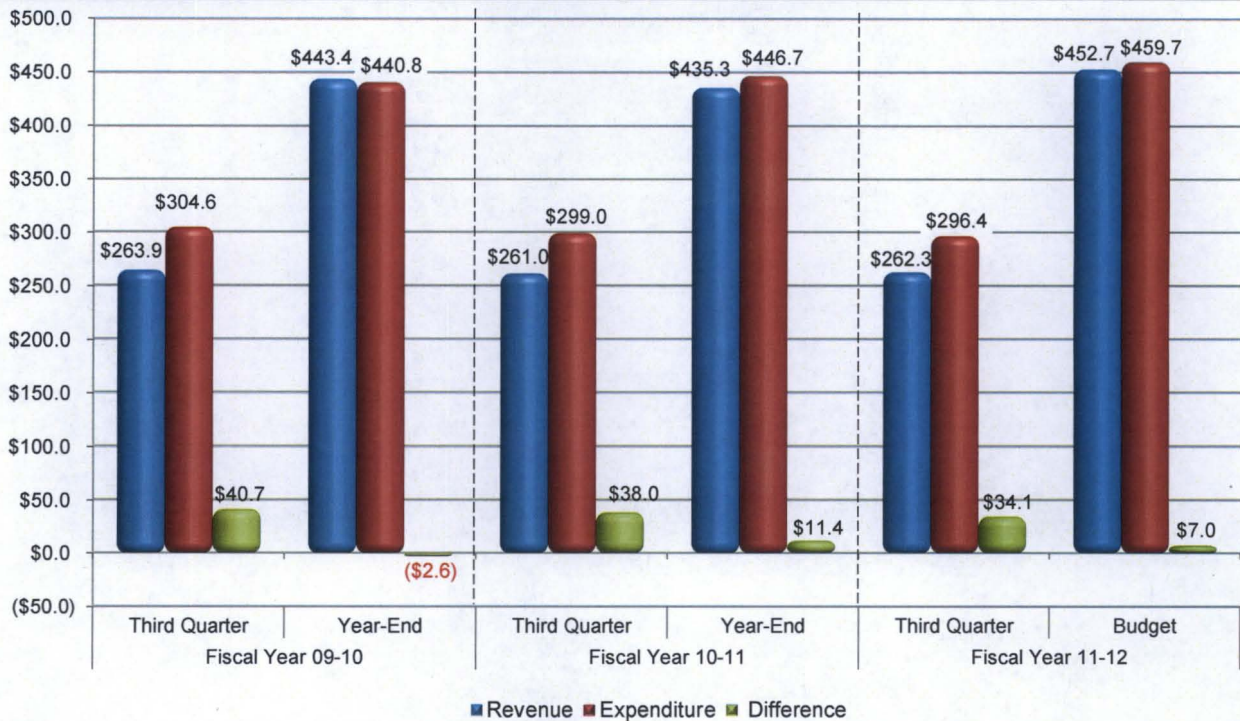
The Board of Supervisors priority area of A Healthy Community is vital to the quality of life for County residents. The departments assigned to this priority area are focused on protecting and promoting the health and well-being of County residents including preventing disease, disability and death.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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community as of March 31, 2012, actual revenue is \$262.3 million, which represents 57.9% of the estimated annual revenue. This is below the range when compared to the third quarter point of the prior two years when collections were 59.5% and 60.0% of the final actual revenue. As of March 31, 2012, expenditures were \$296.4 million, representing 64.5% of the budgeted appropriations. Expenditures at the third quarter point of the two prior years were 69.1% and 66.9% of the final annual expenditures, placing this year's expenditures below the range.

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

A Healthy Community Three Year Comparison



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

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

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

- ◆ Health Services Agency – Clinics and Ancillary Services – A decrease in revenue of \$2.3 million and in expenses of \$1.5 million, primarily as a result of a change in physicians providing specialty medical care;
- ◆ Health Services Agency – Indigent Health Care Program – An increase in expenditures of \$1.8 million primarily as a result of increased utilization and program changes associated with patient liability in the Medically Indigent Health Program; and
- ◆ Health Services Agency – Public Health – A decrease in revenue of \$1.4 million and in expenditures of \$1.8 million, primarily as a result of State elimination or reduction of programs that occurred in Fiscal Year 2010-2011.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

BEHAVIORAL HEALTH AND RECOVERY SERVICES

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

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

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

Public Guardian: The Department is requesting to increase appropriations by \$20,000 in the Public Guardian budget funded by departmental fund balance, to fund unexpected retirement cashouts that were not budgeted. The mandated Public Guardian function is funded through fees and a County General Fund

contribution. The County's contribution is critical to achieving compliance; however, the use of departmental fund balance has been necessary for several years to fully fund the program. Without the additional funding from the primary Behavioral Health and Recovery Services budget to cover the shortfall every year, the Public Guardian's office would not be able to continue at mandated levels. The Public Guardian's shortfall is consistent with previous years.

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

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

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

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

BEHAVIORAL HEALTH & RECOVERY SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health & Recovery Services	1	NEW	Manager II	Add new position	Study
BHRS CHANGES					
Beginning Allocation	343				
Changes in Allocation	0				
Ending Allocation	343				
BEHAVIORAL HEALTH & RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Mental Health Services Act	1	6879	Mental Health Clinician II	Reclassify downward	Staff Services Coordinator

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

CHILD SUPPORT SERVICES

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

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

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

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

COMMUNITY SERVICES AGENCY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

result of the recommendation to decrease the use of fund balance by \$592,208, the Department projects an ending fund balance in all funds of \$1,062,539.

HEALTH SERVICES AGENCY

Clinics and Ancillary Services: The Health Services Agency – Clinics and Ancillary Services budget is expected to end the 2011-2012 Fiscal Year within budgeted appropriations and with savings to fund unmet needs in the Medically Indigent Adult Program. At this time, the Department is requesting a one-time transfer of \$3,201,648 from departmental retained earnings to fund the budgeted revenue shortfall for the HSA Indigent Health Care Program (IHCP) in this current fiscal year.

Indigent Health Care Program: As part of the 2011-2012 Adopted Final Budget, the Health Services Agency anticipated an unfunded exposure of \$2.9 million in IHCP based on increased utilization and program changes pertaining to patient liability approved by the Board of Supervisors on March 30, 2010. At third quarter, the Department continues to project that it will not be able to maintain the required level of services to qualified Medically Indigent Adults (MIA) nor meet the County's mandated Welfare and Institutions (W&I) Code Section 17000 requirements without additional funding. At this time, the Health Services Agency is requesting an increase in appropriations of \$3,201,648 to allow for the previously identified exposure of \$2.9 million and for the additional fiscal impact of \$301,648 due to increased utilization. As described above, use of retained earnings from the Clinics and Ancillary Services budget is requested to fund the current projected deficit in the Agency's IHCP Program for this fiscal year only.

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

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

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

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

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

SUMMARY

Overall, appropriations and estimated revenue for A Healthy Community are recommended to increase by \$12,801,046 and \$9,171,606 respectively which includes \$1.7 million in additional County Match funds. The \$3.6 million shortfall is funded by departmental fund balance/retained earnings.



A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
Library

A Strong Local Economy

OVERVIEW

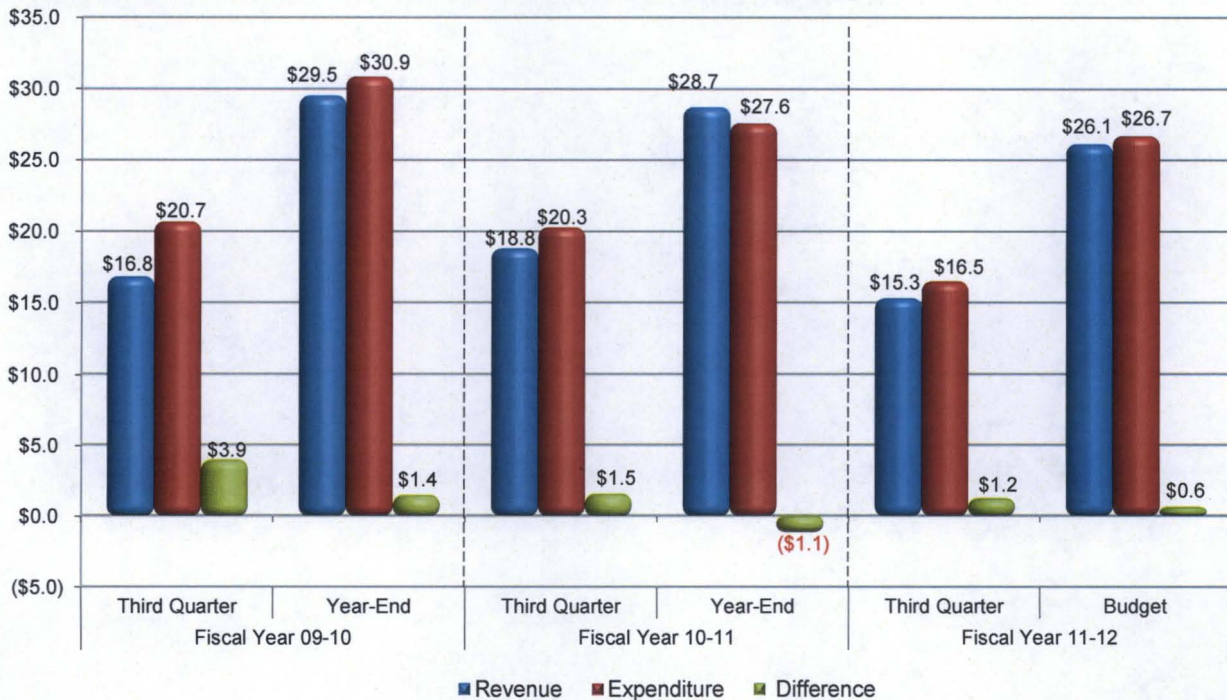
The Board of Supervisors priority area of A Strong Local Economy recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of March 31, 2012, actual revenue collected is \$15.3 million, which represents 58.7% of the estimated annual revenue. This is within the range when compared to the third quarter of the prior two years when collections were 57.1% and 65.5% of the final actual revenue. As of March 31, 2012, expenditures were \$16.5 million, representing 61.9% of the budgeted appropriations. Expenditures at third quarter of the prior two years were at 67% and 73.6% of the final actual expenditures, placing this year's expenditures below the range.

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

A Strong Local Economy Three Year Comparison



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

- ◆ Alliance Worknet and Alliance StanWORKs – An overall decrease of \$3.8 million in revenue and \$3.6 million in expenditures compared to the same period last year is due to the loss of three special grants that ended on June 30, 2011 to provide employment and training services to the community and to the reduction in American Recovery and Reinvestment Act (ARRA) funding from Community Services Agency for Welfare-to-Work services; and
- ◆ Library – An overall increase in revenues of approximately \$283,000 compared to the same period last year is due to the combination of receipt of prior year's sales tax revenues and the loss of California Library Literacy Service (CLLS) funding.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

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

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

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

LIBRARY

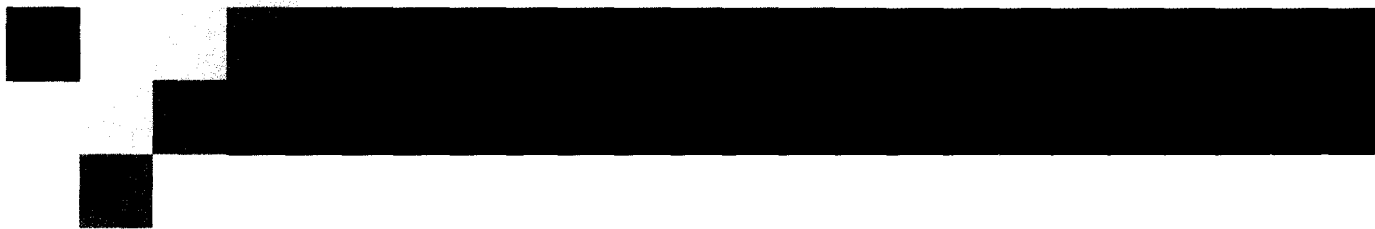
The Library has received a donation from the Stanislaus Library Foundation in the amount of \$30,700 for the 2012 Summer Reading Program. The Library's Summer Reading Program, which has been conducted for at least thirty years, helps develop early literacy skills in pre-school age children and helps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

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

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

SUMMARY

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



A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

OVERVIEW

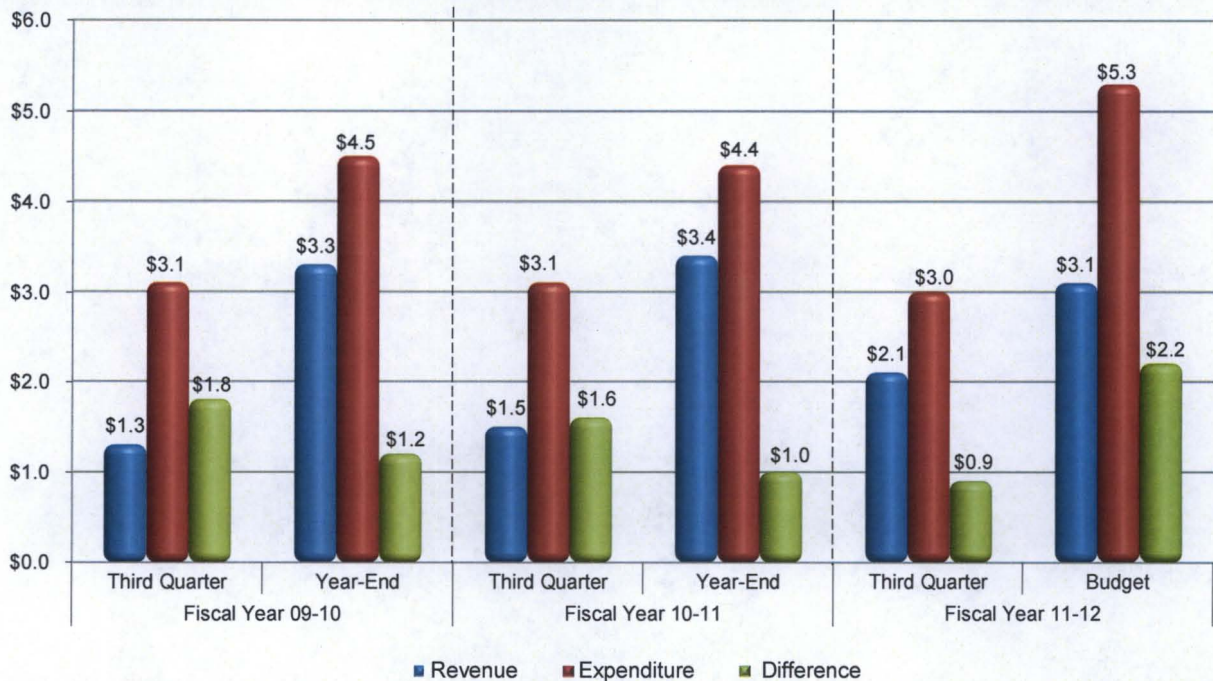
The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry, which generates approximately \$2 billion a year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply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

DEPARTMENTAL REVENUE AND EXPENDITURES

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

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

A Strong Agricultural Economy/Heritage Three Year Comparison



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

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

THIRD QUARTER ISSUES AND RECOMMENDATIONS

AGRICULTURAL COMMISSIONER

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

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

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

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

SUMMARY

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



A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

OVERVIEW

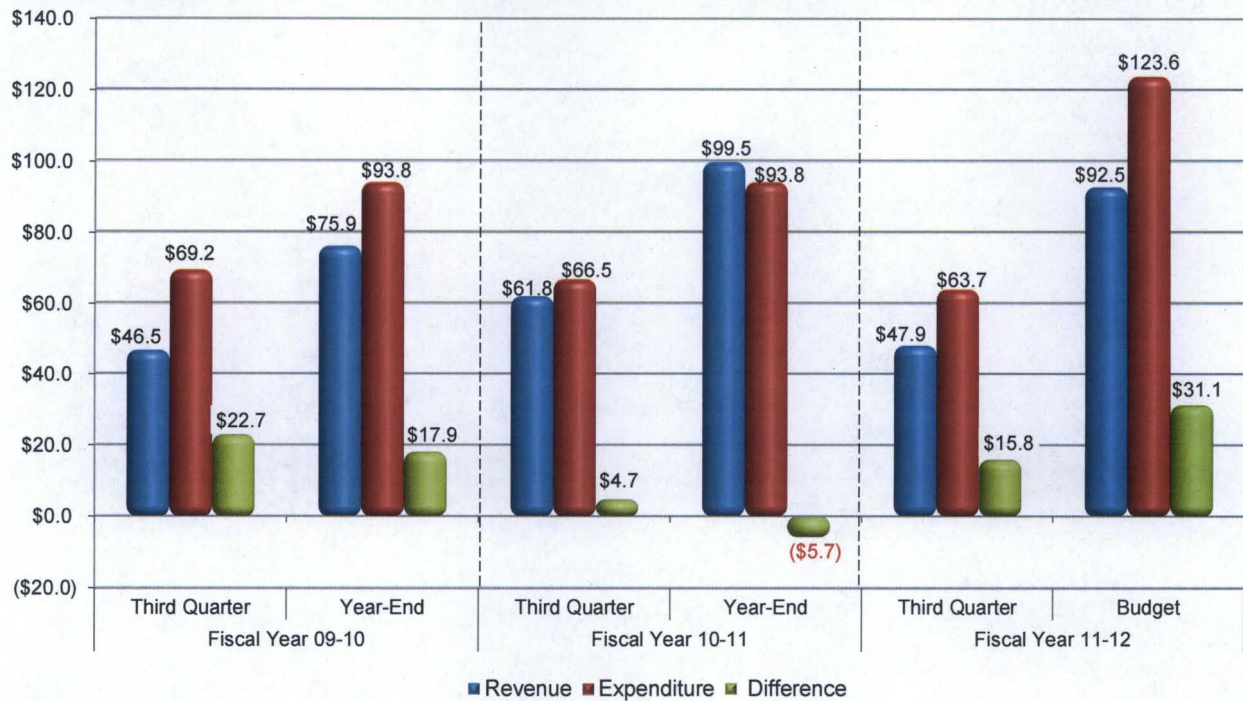
The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to A Well Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. Environmental Resources and Planning and Community Development's Building Services Division are supported primarily through fees and Charges for Services. The General Fund primarily funds the Parks and Recreation Department and Planning and Community Development's Planning Division. The Planning and Community Development's--Community Development Division and the Redevelopment Agency are funded by special revenue grants and tax increment payments. On February 1, 2012, the Redevelopment Agency was dissolved and the Successor Agency was created. The Public Works Department primary sources of funding are derived from Charges for Services and State and Federal funding for transportation and roads.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of March 31, 2012, actual revenue collected is \$47.9 million, which represents 51.8% of the estimated annual revenue. This is lower than the range when compared to third quarter of the prior two years when collections were 61.3% and 62.1% of the final actual revenue. As of March 31, 2012, expenditures are \$63.7 million, representing 51.5% of the budgeted appropriations. Expenditures at the third quarter of the prior two years were 73.8% and 70.9% of the final actual expenditures, placing this year's expenditures below the range.

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

A Well Planned Infrastructure System Three Year Comparison



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

- ◆ Department of Environmental Resources Fink Road Landfill – A decline in expenditures in the amount of \$1.3 million due to no construction activities planned in the current fiscal year and an increase in revenue of \$950,000 due to increased tonnage received at the Landfill and a one-time payment from Pacific Gas and Electric for participation in a tree removal program;
- ◆ Department of Environmental Resources Waste-to-Energy Program – A decrease in revenue of \$5.5 million and an increase in expenditures of \$8.4 million resulting from the change of this budget from a special revenue fund to an agency fund in the current fiscal year. The expenditure increase was due to a significant transfer out (\$16 million) from the special revenue fund to set up funds in the new agency fund;
- ◆ Department of Planning and Community Development Redevelopment Agency – A decrease in expenditures of \$2.2 million due to the dissolution of the Stanislaus County Redevelopment Agency as of February 1, 2012, per the State of California Redevelopment Agency Dissolution Act (ABx1 26);
- ◆ Department of Planning and Community Development Special Revenue Grants – A decrease in revenue of \$800,000 and expenditures of \$1 million due to a greater level of activity in the Neighborhood Stabilization Program in the prior fiscal year;

- ◆ Department of Public Works Local Transit – An increase in revenue of \$1.1 million compared to the same period last year is due to the timing of the receipt of Local Transportation Funds and Proposition 1B funding;
- ◆ Department of Public Works Road and Bridge – A decrease of \$7.8 million in revenue and \$5 million in expenditures compared to the same period last year is twofold. Due to the uncertainty of the State budget, Public Works was forced to delay some projects in Fiscal Year 2009-2010 that were completed in Fiscal Year 2010-2011. In addition, approximately \$6 million of Federal American Recovery and Reinvestment Act (ARRA) funds were distributed in Fiscal Year 2010-2011. These funds were used for two resurfacing projects, increasing expenditures and associated revenues in Fiscal Year 2010-2011. ARRA funding was one-time funding that is not available in the current fiscal year; and
- ◆ Department of Public Works Morgan Shop – A decrease of approximately \$1 million in revenue compared to the same period last year is due to an accounting error that was posted as a credit in expenditures instead of revenue, understating revenue by \$740,000. A correcting entry was processed in January 2012. Actual revenues at third quarter were \$2,561,011 compared to \$2,765,022 during the same period last year. A decrease in expenditures of \$1 million compared to the same period last year is due to the delay in purchasing alternative fueled vehicles this fiscal year.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES – GEER ROAD LANDFILL

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

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

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

PLANNING AND COMMUNITY DEVELOPMENT – SPECIAL REVENUE GRANTS

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

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

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

SUMMARY

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



Efficient Delivery of Public Services

COUNTY DEPARTMENTS

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

Efficient Delivery of Public Services

OVERVIEW

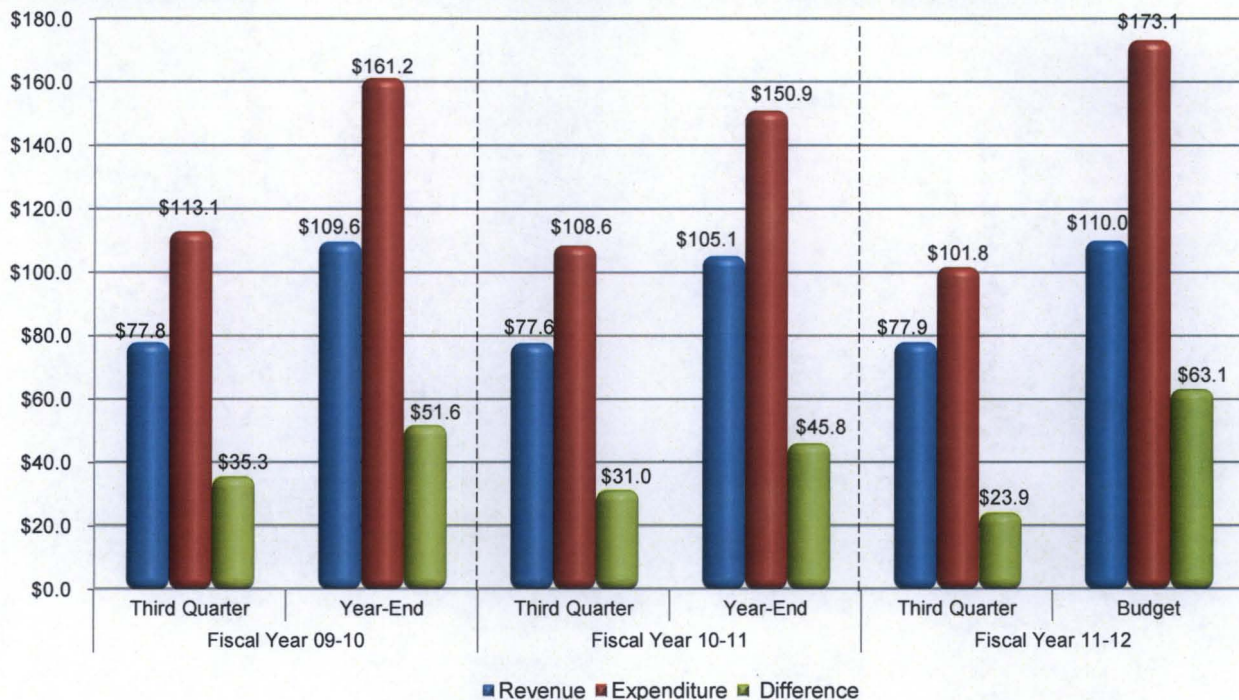
The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base and to serve these customers efficiently, it is important to consistently understand and review how to improve County services. Departments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

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of March 31, 2012, actual revenue collected is \$77.9 million, which represents 70.8% of the estimated annual revenue. This is below the range when compared to third quarter of the prior two years when collections were 71% and 73.8% of the final actual revenue. As of March 31, 2012, expenditures were \$101.8 million, representing 58.8% of the budgeted appropriations. Expenditures at third quarter of the prior two years were 70.2% and 72% of the final actual expenditures, placing this year's expenditures below the range.

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

Efficient Delivery of Public Services Three Year Comparison



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

- ◆ Chief Executive Office – Debt Service Fund - A \$1.4 million increase in revenue due to the timing of the allocation in Public Facilities Fees and Criminal Justice Facilities Fees;
- ◆ Chief Executive Office – General Fund Contribution to Other Programs – A decrease of \$1 million in expenditures due to the elimination of General Fund contributions to four programs in this budget and limiting funding to mandated programs, programs that carry a contractual obligation, or are based on policy decisions by the Board of Supervisors;
- ◆ Chief Executive Office – Mandated County Match – A \$3 million increase in expenditures due to the timing of the claims process in CSA Services and Support, IHSS Provider Wages, CSA Public Economic Assistance, and HSA Clinics and Ancillary Services;
- ◆ Chief Executive Office – General Fund Match Vehicle License Fee - A \$3.4 million decrease in expenditures and estimated revenues due to the reduced funding received during the 2011-2012 Fiscal Year. This is due to a new realignment fund that was established through Assembly Bill 118. As part of this bill, the vehicle license fee portion formerly designated for Mental Health programs was diverted to the Social Services subaccount to cover an additional county share of cost for CalWORKs grants;
- ◆ Chief Executive Office General Liability Self-Insurance - A \$1.8 million decrease in expenditures and a \$1.6 million decrease in revenue due to the defense and settlement of various cases in the previous year that were reimbursed by excess insurance revenue;

- ◆ Chief Executive Office Purchased Insurance - A \$6.7 million decrease in expenditures from the same time last year as a result of claims lag in the first quarter of the new self-funded medical plan; and
- ◆ Chief Executive Office Workers' Compensation Self-Insurance - Estimated revenue is approximately \$3.4 million higher than that of the same period last year due to the \$4 million increase in departmental charges this fiscal year. Expenditures have also increased by approximately \$1.3 million due to higher claims expenses and increased insurance premiums in the current fiscal year.

THIRD QUARTER ISSUES AND RECOMMENDATIONS

ASSESSOR

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

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

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

CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

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

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

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

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

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

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

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

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

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

General Fund Contributions to Other Programs: The CEO – General Fund Contribution to Other Programs includes appropriations to meet the County’s obligation under the North McHenry Revenue Sharing Agreement with the City of Modesto. The Auditor-Controller makes quarterly payments to the City of Modesto based on estimated tax revenues for properties included in the Agreement and then conducts an annual review to determine additional payments or credits based on actual revenue received. The Auditor-Controller has finalized the review of actual revenues received in 2010-2011 and has identified additional estimated payment obligations totaling \$240,715 above the original \$1.2 million budgeted for this obligation in the 2011-2012 Final Budget.

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

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

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

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

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

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

CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT

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

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

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

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

CLERK RECORDER - ELECTIONS

At mid-year, the Clerk Recorder received \$281,466 in additional appropriations to fund the Presidential Primary Election. The Department is now requesting an increase of \$96,622 in appropriations to fund

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

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

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

GENERAL SERVICES AGENCY

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

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

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

STRATEGIC BUSINESS TECHNOLOGY

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

remain for future PeopleSoft projects. The purchase of the VMware server will replace older server equipment with newer, more reliable technology.

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

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

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

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

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

SUMMARY

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

DEPENDENT LIGHTING DISTRICTS

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

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

Dependent Lighting Districts

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

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

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

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

STAFFING RECOMMENDATIONS

FISCAL YEAR 2011-2012 THIRD QUARTER--ATTACHMENT B

DEPARTMENT	BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	Alliance Worknet	1	2120	Accountant III	Restore unfunded position	Restore vacant position
Assessor	Assessor	1	2261	Supervising Appraiser	Restore unfunded position	Restore vacant position
Behavioral Health & Recovery Services	Behavioral Health & Recovery Services	0	NEW	Manager II	Add new position	Study
	Mental Health Services Act	0	6879	Mental Health Clinician II	Reclassify downward	Staff Services Coordinator
Child Support Services	Child Support Services	0	9638	Director of Child Support Services	Classification salary band change	Salary band change from Band H to Band G
District Attorney	Criminal Division	0	1392	Senior Criminal Investigator	Classification study	Study
Health Services Agency	Clinics & Ancillary	1	1881	Staff Nurse III	Restore unfunded position	Restore vacant position
		1	6260	Sr Nurse Practitioner	Restore unfunded position	Restore vacant position
		1	9444	Manager II	Transfer in	Transfer from Public Health
	Public Health	-1	9444	Manager II	Transfer out	Transfer to Clinics & Ancillary
Strategic Business Technology	Strategic Business Technology	0	2174	Staff Services Coordinator	Reclassify downward	Application Specialist III
		0	2267	Sr Software Developer/Analyst	Reclassify laterally	Sr Systems Engineer
CHANGES TO POSITION ALLOCATION REPORT		4				
TOTAL CURRENT AUTHORIZED POSITIONS		3,725				
Restore Unfunded Positions		4				
RECOMMENDED AUTHORIZED POSITIONS		3,729				

**Contract Summary Sheet
All Funds
Contracts over \$100,000**

Attachment C

Department	Budget Unit	Contractor	Brief Description of Service Provided or Position Held	Previous contractual amount	Proposed Contract Amount	Cumulative Contract Total
CEO-Office of Emergency Services	Office of Emergency Services	Dave Funk	Plan Development for Emergency Operations Center Procedures	\$15,000 1/1/12-6/30/12	\$10,000 1/1/12-6/30/12 Increase Contract	*\$25,000
CEO-Risk Management Division	General Liability Self-Insurance	Porter, Scott, Wieberg & Delehant	Legal Services, Costs, Expenses & Settlements	\$689,850 7/1/09-6/30/11	\$550,000 7/1/11-6/30/12 Increase Contract	\$1,239,850
CEO-Risk Management Division	General Liability Self-Insurance	Curtis Legal Group	Legal Services, Costs, Expenses & Settlements	\$775,777 7/1/09-6/30/11	\$600,000 7/1/11-6/30/12 Increase Contract	\$1,375,777
CEO-Risk Management Division	Professional Liability Self-Insurance	Robinson & Wood, Inc.	Legal Services, Costs & Expenses	\$53,078 6/1/10-6/30/11	\$70,000 7/1/11-6/30/12 Increase Contract	\$123,078
Community Services Agency	Services & Support	San Bernardino	Scanners	\$35,625 11/1/11-6/30/12	\$29,375 11/1/11-6/30/12 Increase Contract	*\$65,000

*Contract totals listed that are less than \$100,000 represent separate contracts where the total contracted services with vendor exceed \$100,000

Contract Summary Sheet
All Funds
Contracts between \$50,000-\$100,000

Attachment D

Department	Budget Unit	Contractor	Brief Description of Service Provided or Position Held	Previous contractual amount	Proposed Contract Amount	Cumulative Contract Total
Behavioral Health and Recovery Services	Mental Health	HFS Consultants, Inc.	Consulting & Strategic Planning	\$0	\$35,000 7/1/11-6/30/12 New Contract	*\$35,000
CEO-Risk Management Division	Workers' Comp Self-Insurance	Permanente Medical Group Inc.	Pre-employment Testing	\$25,447 7/1/09-6/30/11	\$60,000 7/1/11-6/30/12 Increase Contract	\$85,447
Community Services Agency	Services & Support	Doctor's Medical Center Foundation	Diabetic Education	\$0	\$3,274 2/27/12-6/30/12 New Contract	*\$3,274
Community Services Agency	Services & Support	Caporicci & Larsen, Inc.	Child Care and Development Program Audit	\$64,000 5/6/09-12/31/11	\$24,000 5/1/12-12/31/12 New Contract	\$88,000

*Contract totals listed that are less than \$50,000 represent separate contracts where the total contracted services with the vendor exceed

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
AGREEMENT TO PROVIDE
DIABETES EDUCATION SERVICES
FEBRUARY 27, 2012 THROUGH JUNE 30, 2012**

This AGREEMENT FOR INDEPENDENT CONTRACTOR SERVICES (the "Agreement") is made and entered into by and between the COUNTY OF STANISLAUS ("County") and DOCTORS MEDICAL CENTER FOUNDATION ("Contractor"), a non-profit corporation on February 27, 2012.

RECITALS

WHEREAS, the County has a need for diabetes education services; and

WHEREAS, the Contractor is specially trained, experienced and competent to perform and has agreed to provide such services; and

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

TERMS AND CONDITIONS

1. SCOPE OF WORK

- 1.1 The Contractor shall furnish to the County upon execution of this Agreement or receipt of the County's written authorization to proceed, those services and work set forth in EXHIBIT A, attached hereto and, by this reference, made a part hereof.
- 1.2 All documents, drawings and written work product prepared or produced by the Contractor under this Agreement, including without limitation electronic data files, are the property of the Contractor; provided, however, the County shall have the right to reproduce, publish and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Contractor may copyright the same, except that, as to any work which is copyrighted by the Contractor, the County reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so.
- 1.3 Services and work provided by the Contractor at the County's request under this Agreement shall be performed in a timely manner consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions.

2. CONSIDERATION

- 2.1 County shall pay Contractor as set forth in EXHIBIT A.
- 2.2 Except as expressly provided in EXHIBIT A of this Agreement, Contractor shall not be entitled to nor receive from County any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement. Specifically, Contractor shall not be entitled by virtue of this Agreement to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays or other paid leaves of absence of any type or kind whatsoever.

- 2.3 County shall not withhold any Federal or State income taxes or Social Security tax from any payments made by County to Contractor under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Contractor. County has no responsibility or liability for payment of Contractor's taxes or assessments.
- 2.4 Pursuant to Penal Code section 484b and to Business and Professions Code section 7108.5, the Contractor must apply all funds and progress payments received by the Contractor from the County for payment of services, labor, materials or equipment to pay for such services, labor, materials or equipment. Pursuant to Civil Code section 1479, the Contractor shall direct or otherwise manifest the Contractor's intention and desire that payments made by the Contractor to subcontractors, suppliers and materialmen shall be applied to retire and extinguish the debts or obligations resulting from the performance of this Agreement.
- 2.5 Payments of all services provided in accordance with the provisions of this Agreement are contingent upon the availability of County, State and Federal funds.

3. TERM

- 3.1 The term of this Agreement shall be from the date of approval of this Agreement until completion of the agreed upon services unless sooner terminated as provided below or unless some other method or time of termination is listed in EXHIBIT A.
- 3.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.
- 3.3 This Agreement shall terminate automatically on the occurrence of (a) bankruptcy or insolvency of either party, (b) sale of Contractor's business, (c) cancellation of insurance required under the terms of this Agreement, and (d) if, for any reason, Contractor ceases to be licensed or otherwise authorized to do business in the State of California, and the Contractor fails to remedy such defect or defects within thirty (30) days of receipt of notice of such defect or defects.
- 3.4 The County may terminate this Agreement upon thirty (30) days prior written notice to the Contractor. Termination of this Agreement shall not affect the County's obligation to pay for all fees earned and reasonable costs necessarily incurred by the Contractor as provided in Paragraph 2 herein, subject to any applicable setoffs.
- 3.5 County shall notify Contractor in writing within thirty (30) days of any potential Federal or State audit exception. Where findings indicate program requirements are not being met and Federal and/or State participation in this program may be imperiled, written notification shall constitute County's intention to terminate this Agreement in the event corrections are not accomplished within thirty (30) days.
- 3.6 This Agreement may be terminated by County upon the giving of thirty (30) days notice of such termination because the services as determined by the Director of Stanislaus County Community Services Agency are inadequate, poorly performed, or improperly supervised. Within the thirty (30) day period, Contractor may appeal the decision of the Director of the Community Services Agency to the Board of Supervisors of Stanislaus County. The determination by the Board as to the termination shall be final.
- 3.7 Notwithstanding any other provisions of this Agreement, County may terminate the Agreement immediately:

- A. Upon receipt of evidence of probable unsafe and/or hazardous practice in the provision of services; or,
- B. Upon loss of any license(s) required for lawful operation of Contractor's business; or,
- C. Upon an unauthorized decrease in the required insurance in force; or,
- D. Upon failure to make payroll payments; or,
- E. Failure to remit payroll deductions in a timely manner to the appropriate State and Federal government; or,
- F. Upon failure to substantially meet other financial obligations; or,
- G. Upon service or a writ of attachment by creditors of Contractor.

3.8 Either party without cause may terminate this Agreement when a thirty (30) day written notice is provided to the other party.

4. WORK SCHEDULE

Contractor is obligated to perform in a timely manner those services and work identified in EXHIBIT A. It is understood by Contractor that the performance of these services and work shall require the Contractor to perform the services and work in conformance with the schedule set forth in EXHIBIT A, if any, and, if there is no schedule, the hours and times for completion of said services and work are to be set by the Contractor; provided, however, that such schedule is subject to review by and concurrence of the County.

5. REQUIRED LICENSES, CERTIFICATES AND PERMITS

Any licenses, certificates or permits required by the federal, state, county or municipal governments for Contractor to provide the services and work described in EXHIBIT A must be procured by Contractor and be valid at the time Contractor enters into this Agreement. Further, during the term of this Agreement, Contractor must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits shall be procured and maintained in force by Contractor at no expense to the County.

6. OFFICE SPACE, SUPPLIES, EQUIPMENT, ETC.

Unless otherwise provided in EXHIBIT A, Contractor shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Contractor to provide the services identified in EXHIBIT A to this Agreement. County is not obligated to reimburse or pay Contractor for any expense or cost incurred by Contractor in procuring or maintaining such items. Responsibility for the costs and expenses incurred by Contractor in providing and maintaining such items is the sole responsibility and obligation of Contractor.

7. INSURANCE

7.1 Contractor shall take out, and maintain during the life of this Agreement, insurance policies with coverage at least as broad as follows:

- 7.1.1 General Liability: Comprehensive general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by Contractor under this Agreement or the general aggregate limit shall be twice the required occurrence limit.
- 7.1.2 Automobile Liability Insurance: If the Contractor or the Contractor's officers, employees, agents, representatives or subcontractors utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury, property damage and transportation related pollution liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.
- 7.1.3 Workers' Compensation Insurance: Workers' Compensation insurance as required by the California Labor Code. In signing this Agreement, the Contractor certifies under section 1861 of the Labor Code that the Contractor is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Contractor shall comply with such provisions before commencing the performance of the work of this Agreement.
- 7.2 Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by County. At the option of the County, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) the Contractor shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to the County guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related investigations, claim administration and defense expenses. The County, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Contractor agrees that it shall be responsible for and pay any self-insured retention or deductible and shall pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of the Contractor's defense and indemnification obligations as set forth in this Agreement.
- 7.3 The Contractor shall provide a specific endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, if any, naming the County and its officers, officials and employees as additional named insured regarding: (a) liability arising from or in connection with the performance or omission to perform any term or condition of this Agreement by or on behalf of the Contractor, including the insured's general supervision of the Contractor; (b) services, products and completed operations of the Contractor; (c) premises owned, occupied or used by the Contractor; and (d) automobiles owned, leased, hired or borrowed by the Contractor. For Workers' Compensation insurance, the insurance carrier shall agree to waive all rights of subrogation against the County and its officers, officials and employees for losses arising from the performance of or the omission to perform any term or condition of this Agreement by the Contractor.
- 7.4 The Contractor's insurance coverage shall be primary insurance regarding the County and County's officers, officials and employees. Any insurance or self-insurance maintained by the County or County's officers, officials and employees shall be excess of the Contractor's insurance and shall not contribute with Contractor's insurance.
- 7.5 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County or its officers, officials, employees or volunteers.

- 7.6 The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- 7.7 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days prior written notice has been given to County. The Contractor shall promptly notify, or cause the insurance carrier to promptly notify, the County of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.
- 7.8 Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Key Rating Guide acceptable to the County; provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance. A Best's rating of at least A-VII shall be acceptable to the County; the County must approve lesser ratings in writing.
- 7.9 Contractor shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional named insureds under its insurance policies.
- 7.10 At least ten (10) days prior to the date the Contractor begins performance of its obligations under this Agreement, Contractor shall furnish County with certificates of insurance and with original endorsements effecting coverage required by this Agreement, including, without limitation, those effecting coverage for subcontractors of the Contractor. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in County's sole and absolute discretion, approved by County. County reserves the right to require complete copies of all required insurance policies and endorsements, at any time.
- 7.11 The limits of insurance described herein shall not limit the liability of the Contractor and Contractor's officers, employees, agents, representatives or subcontractors.
- 7.12 If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Contractor agrees to maintain the required insurance coverage for a period of three (3) years after the expiration of this Agreement (hereinafter "post agreement coverage") and any extensions thereof. Contractor may maintain the required post agreement coverage by renewal of purchase of prior acts or tail coverage. This provision is contingent upon post agreement coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for post agreement coverage shall be deemed to be reasonable.

8. DEFENSE AND INDEMNIFICATION

- 8.1 To the fullest extent permitted by law, Contractor shall indemnify, hold harmless and defend the County and its agents, officers and employees from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, arising out of, resulting from, or in connection with the performance of this Agreement by the Contractor or Contractor's officers, employees, agents, representatives or

subcontractors and resulting in or attributable to personal injury, death, or damage or destruction to tangible or intangible property, including the loss of use. Notwithstanding the foregoing, Contractor's obligation to indemnify the County and its agents, officers and employees for any judgment, decree or arbitration award shall extend only to the percentage of negligence or responsibility of the Contractor in contributing to such claim, damage, loss and expense.

- 8.2 Contractor's obligation to defend, indemnify and hold the County and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or restricted by any requirement in this Agreement for Contractor to procure and maintain a policy of insurance.
- 8.3 To the fullest extent permitted by law, the County shall indemnify, hold harmless and defend the Contractor and its officers, employees, agents, representatives or subcontractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney's fees, arising out of or resulting from the negligence or wrongful acts of County and its officers or employees.
- 8.4 Subject to the limitations in 42 United States Code section 9607 (e), and unless otherwise provided in a Scope of Services approved by the parties:
 - 8.4.1 Contractor shall not be responsible for liability caused by the presence or release of hazardous substances or contaminants at the site, unless the release results from the negligence of Contractor or its subcontractors;
 - 8.4.2 No provision of this Agreement shall be interpreted to permit or obligate Contractor to assume the status of "generator," "owner," "operator," "arranger," or "transporter" under state or federal law; and
 - 8.4.3 At no time, shall title to hazardous substances, solid wastes, petroleum contaminated soils or other regulated substances pass to Contractor.

9. STATUS OF CONTRACTOR

- 9.1 All acts of Contractor and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Contractor relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of County. Contractor, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of County. Except as expressly provided in EXHIBIT A, Contractor has no authority or responsibility to exercise any rights or power vested in the County. No agent, officer or employee of the County is to be considered an employee of Contractor. Both Contractor and County understand that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.
- 9.2 At all times during the term of this Agreement, the Contractor and its officers, employees, agents, representatives or subcontractors are, and shall represent and conduct themselves as, independent contractors and not employees of County.
- 9.3 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to County only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to County's control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement.

Contractor is permitted to provide services to others during the same period services are provided to County under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.

- 9.4 If, in the performance of this Agreement, any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. Contractor shall determine all terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law.
- 9.5 It is understood and agreed that as an independent Contractor and not an employee of County, the Contractor and the Contractor's officers, employees, agents, representatives or subcontractors do not have any entitlement as a County employee, and do not have the right to act on behalf of the County in any capacity whatsoever as an agent, or to bind the County to any obligation whatsoever.
- 9.6 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.
- 9.7 As an independent Contractor, Contractor hereby indemnifies and holds County harmless from any and all claims that may be made against County based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

10. RECORDS AND AUDITS

- 10.1 Contractor shall prepare and maintain all writings, documents, and records prepared or compiled in connection with the performance of this Agreement for a minimum of five (5) years from the termination or completion of this Agreement or until such records and their supporting documentation are released due to closure of Federal/State audit, whichever is longer. This includes any handwriting, typewriting, printing, photostatic, photographing, and every other means of recording upon any tangible thing, any form of communication or representation including letters, words, pictures, sounds, or symbols or any combination thereof.
- 10.2 Records shall be destroyed in accordance with California Department of Social Services (CDSS) Manual of Policy and Procedures (MPP) Division 23, Section 350.
- 10.3 Any authorized representative of County shall have access to any writings as defined above for the purposes of making audit, evaluation, examination, excerpts, and transcripts during the period such records are to be maintained by Contractor. Further, County has the right at all reasonable times to audit, inspect, or otherwise evaluate the work performed or being performed under this Agreement.
- 10.4 County shall have the right to audit all billings and records of the Contractor related to this Agreement as required by State law. County can appoint an independent public accountant.
- 10.5 Contractor agrees that its financial records shall contain itemized records of all costs and be available for inspection in Stanislaus County within three (3) working days of the request by the County, State or Federal agencies.
- 10.6 Monitoring by County may be accomplished by the following means: field reviews, audit claims, monthly review of records, etc.

- 10.7 Contractor shall be responsible for the procurement and performance of a fiscal and compliance audit annually. Entities receiving in excess of \$500,000 in Federal funds must comply with the Single Audit Act of 1984, PL 98-502 and the Single Audit Amendments of 1996, P.L. 104-156. All audits must be performed in accordance with Government Audit standards as set forth in the Guidelines for Financial and Compliance Audits for Federally Assisted Programs, Activities, and Functions, and the provisions of OMB Circular A-133 as this applies to the auditing of states, local governments, institutions of higher education and non-profits.
- 10.8 The annual audit requirement is replaced with a biennial audit covering the most recent fiscal year if all of the following apply:
- A. The total County Agreement expenditures, from all funding sources, during the fiscal year, are less than \$100,000.
 - B. The Contractor is in compliance with all other Agreement requirements.
 - C. An audit was performed on one of the preceding two years in accordance with Government Auditing Standards and a copy of the report and any management letter has been submitted to County.
 - 1) The auditor's opinion on the financial statement and the schedule of federal awards (if applicable) were unqualified.
 - 2) There were no deficiencies in internal control over financial reporting that were identified as material weaknesses under the requirements of Government Auditing Standards.
 - 3) None of the state or federal programs had audit findings in the preceding year that were classified as:
 - a. Material weaknesses in the internal control over compliance.
 - b. Noncompliance with the provisions of laws, regulations, contracts, or grant agreements that had a material effect on the program.
 - c. Known or likely questioned costs.
 - D. The audit must be conducted in accordance with Government Auditing Standards and the statements must be prepared in conformity with generally accepted accounting principles.
- 10.9 Contractor shall include in all fiscal audit reports an opinion which indicates whether program expenditures are allowable pursuant to the provisions of 45 CFR, Part 74, and all applicable State and Federal guidelines, policies and procedures.
- 10.10 Expenses incurred by Contractor to provide for the performance of an audit to satisfy said requirements are an allowable Agreement cost. Contractor is responsible for ensuring that the appropriate portion of audit costs are included with its total executed Agreement funds.
- 10.11 Contractor is responsible for submitting to County an audit report, prepared in accordance with said requirements, within one hundred twenty (120) days of the end of the Contractor's fiscal year.

11. CONFIDENTIALITY

Contractor shall comply and require its officers and employees to comply with the provisions of Section 10850 of the Welfare and Institutions Code (WIC) and Division 19 of the California Department of Social Services Manual of Policies and Procedures to assure that:

- 11.1 Any and all information pertaining to the administration of public social services, for which grants in aid are received shall be confidential and will not be open to examination for any purpose not directly connected with the administration of public social services.
- 11.2 No person shall publish or disclose, or use or permit, or cause to be published, disclosed or used, any confidential information pertaining to an applicant or recipient.
- 11.3 Contractor shall inform all of its employees, agents, subcontractors and partners of the above provision and that any person knowingly and intentionally violating the provisions of said state law is guilty of misdemeanor.
- 11.4 Contractor, as an agent of Stanislaus County, shall be in compliance with the privacy and security safeguards agreement titled Medi-Cal Data Privacy and Security Agreement between the California Department of Health Care Services and the County of Stanislaus, Community Services Agency located at <http://www.stanworks.com/other-services/medi-cal-data-privacy-and-security-agreement.pdf>.

12. NON-DISCRIMINATION

- 12.1 During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any Federal, State or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex or sexual orientation. Contractor and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's non-discrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.
- 12.2 Contractor shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.
- 12.3 Contractor shall provide a system by which recipients of service shall have the opportunity to express and have considered their views, grievances, and complaints regarding Contractor's delivery of services.

13. ASSIGNMENT

- 13.1 This is an agreement for the services of Contractor. County has relied upon the skills, knowledge, experience and training of Contractor and the Contractor's firm, associates and employees as an inducement to enter into this Agreement. Contractor shall not assign or subcontract this Agreement without the express written consent of County. Further, Contractor shall not assign any monies due or to become due under this Agreement without the prior written consent of County.

13.2 Any working agreements, memoranda of understanding, or subcontracts let as a result of this Agreement shall adhere to the terms contained in this Agreement and shall be submitted to County prior to their commencement.

14. WAIVER OF DEFAULT

Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

15. NOTICE

Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which Contractor or County shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first class mail to the respective parties as follows:

To County: County of Stanislaus
Community Services Agency
Attention: Contracts Manager
PO Box 42
Modesto, CA 95353

To Contractor: Doctors Medical Center Foundation
Attention: Tom Truax, Executive Director
730 McHenry Avenue
Modesto, CA 95350

16. CONFLICTS

Contractor agrees that it has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of the work and services under this Agreement.

17. SEVERABILITY

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

18. AMENDMENT

This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

19. ADVICE OF ATTORNEY

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

20. CONSTRUCTION

Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

21. GOVERNING LAW AND VENUE

This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Stanislaus, State of California.

22. GENERAL ACCOUNTABILITY

22.1 In the event of an audit exception or exceptions, the party responsible for not meeting the program requirement or requirements shall be responsible for the deficiency.

22.2 In the event of any State hearings, cash grant award or lawsuit award resulting from Contractor's failure to perform as required by this Agreement, Contractor shall make reimbursement to the damaged party.

22.3 Additional costs to County for maintaining any portion of the Agreement as a result of Contractor's failure to perform, as required by this Agreement, are subject to recoupment by County through withholding from billings or any other form of legal action.

23. CODE OF ETHICS

Contractor shall uphold the following Code of Ethics:

- Professional Conduct: Employees of Contractor shall abide by all applicable laws, regulations, policies and procedures in the delivery of all services. Professional staff of Contractor shall also abide by specific codes of ethics prescribed by the professional organizations, which set standards for their profession.
- Quality of Service: Employees of Contractor shall promote the goals of the program, which includes enhancement of participant self esteem, by providing quality service which demonstrates knowledge of the respect for participant needs.
- Respect and Courtesy: Employees of Contractor shall conduct all activities with respect and courtesy for participants.
- Propriety: Employees of Contractor shall not make use of their position or relationship with clients for personal gain.
- Positive Representation: Employees of contractor shall not behave in any manner that will bring discredit to his/her professional status and reputation or to the program.

24. STATE ENERGY CONSERVATION PLAN

Contractor agrees to recognize the mandatory standards and policies relating to energy efficiency in the State Energy Conservation Plan Title 23, California Administrative Code, as required by the U.S. Energy, Policy and Conservation Act (P.L. 94-165).

25. COPYRIGHT ACCESS

County, CDSS, and the United States Department of Health and Human Services shall have a royalty free nonexclusive and irrevocable license to publish, translate, or use, now or hereafter, all material developed under this Agreement including those covered by copyright.

26. CONVICTION OF CRIME

26.1 Contractor shall immediately notify County concerning the arrest and/or subsequent conviction, for other than minor traffic offenses, of any paid employee and/or volunteer staff assigned to provide services under this Agreement, when such information becomes known to Contractor.

26.2 Contractor agrees not to knowingly employ any person convicted of any crime involving abuse, neglect, violence, or sexual conduct involving or perpetrated upon a minor, or an adult person or who has been convicted of any felony.

26.3 Contractor shall establish a procedure acceptable to County to ensure that all employees or agents performing services under this Agreement report child abuse or neglect to a child protective agency as defined in Penal Code Section 11165.1 through 11165.6. Contractor shall require each employee, volunteer, consultant, subcontractor or agency to sign a statement that he or she knows of the reporting requirements as defined in Penal Code Section 11166(a) and shall comply with the provisions of the code section.

27. MATCHING FUNDS

These funds are not available for matching unless certified by County.

28. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION- LOWER TIER COVERED TRANSACTIONS

28.1 County and Contractor recognize that Federal assistance funds will be used under the terms of this Agreement. For purposes of this paragraph, Contractor shall be referred to as the "prospective recipient".

28.2 This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 29 CFR Part 98, Section 98.510, Participants' responsibilities. The regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160-19211).

A. The prospective recipient of Federal assistance funds certifies by entering this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

- B. The prospective recipient of funds agrees by entering this Agreement, that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Federal department or agency with which this transaction originated.
- C. Where the prospective recipient of Federal assistance funds is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this Agreement.
- D. The prospective recipient shall provide immediate written notice to County if at any time prospective recipient learns that its certification in paragraph 28, of this Agreement was erroneous when submitted or has become erroneous by reason of changed circumstances.
- E. The prospective recipient further agrees that by entering this Agreement, it shall include a clause identical to paragraph 28 of this Agreement and titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions", in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- F. The certification in paragraph 28 of this Agreement is a material representation of fact upon which County placed reliance when this transaction was entered into.

29. COMPLIANCE WITH FALSE CLAIMS ACT

- 29.1 Contractor shall notify County immediately upon discovery of any employee of Contractor, any subcontractor, agent or other persons providing services, on behalf of Contractor who are placed on the State's Medi-Cal Suspended and Ineligible Provider List. Any employee of Contractor, any subcontractor, agent or other persons providing services on behalf of Contractor, who is placed on the Medi-Cal Suspended and Ineligible Provider List shall not provide services to County under this Agreement. This list is available on the Internet at www.medi-cal.ca.gov.
- 29.2 Pursuant to Section 6032 of the Deficit Reduction Act of 2005, Contractor shall communicate to its employees, subcontractors, agents and other persons providing services on behalf of Contractor the policies and procedures related to the Federal and State False Claims Act. Contractor must adhere to the False Health Care Claims Policy approved by the Stanislaus County Board of Supervisors on May 8, 2007, as located at <http://www.co.stanislaus.ca.us/BOS/Agenda/2007/20070508/B07.pdf> and that it and its employees, subcontractors, agents and other persons providing services on behalf of Contractor shall adhere to these policies and procedures.

30. ENTIRE AGREEMENT

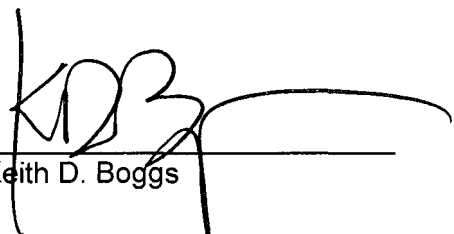
This Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which is not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.



This Agreement has been signed by the parties or their duly authorized representatives to become effective as of the date referenced on the first page.

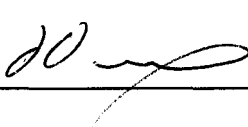
IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate on the day and year first hereinabove written.

COUNTY OF STANISLAUS

By: 
Keith D. Boggs
Title: Deputy Executive Officer,
GSA Director/Purchasing Agent


Dated: 3.8.12

DOCTORS MEDICAL CENTER FOUNDATION

By: 
Title: CEO

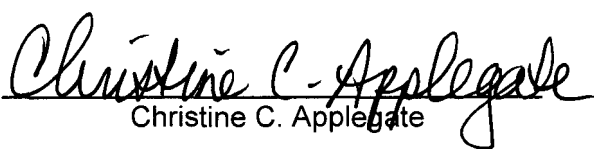
Dated: 2/28/12

**APPROVED AS TO FORM:
COUNTY COUNSEL
JOHN P. DOERING**

By: 
Title: Deputy County Counsel

Dated: 2/22/12

**APPROVED AS TO CONTENT:
COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY**

By: 
Christine C. Applegate
Title: Director

Dated: 3/5/12

COUNTY OF STANISLAUS

Approved per BOS Item #: 2012-208
Dated: 5/1/12

**DOCTORS MEDICAL CENTER FOUNDATION
 AGREEMENT TO PROVIDE
 DIABETES EDUCATION SERVICES
 FEBRUARY 27, 2012 THROUGH JUNE 30, 2012**

I. SCOPE OF WORK:

A. Contractor shall provide diabetes education services to specific County referred Child Welfare Services clients as follows:

1. One (1) in-home evaluation visit
2. Six (6) bi-weekly in-home education sessions
3. Roundtrip travel to client's home for education sessions

II. COMPENSATION:

Contractor shall be compensated for the services provided under this Agreement as follows:

A. Costs:

1. The maximum amount of this Agreement for the period February 27, 2012, through June 30, 2012, shall not exceed \$716.00.
2. This is a fixed rate, per unit of service Agreement. One unit of service equals one (1) assessment or bi-weekly session or mileage reimbursement as follows:

<u>Description</u>	<u>Cost per Unit of Service</u>
In-home evaluation	\$100.00
Bi-weekly in-home education session	\$ 78.00
Roundtrip mileage from DMC Foundation to client home	\$.555 per mile

B. Contractor shall make no charge to the recipient and shall collect no share of cost.

C. This Agreement shall be effective February 27, 2012, through June 30, 2012.

D. Contractor agrees that the costs to be charged to County for contracted services for the term of this Agreement includes all allowable Contractor costs, both indirect and direct, relative to this Agreement.

E. Costs must conform with Federal costs regulation: OMB Circular A-87, A Guide for State and Local Government Agencies, 48 CFR, Part 31, Subpart 31.2 (for profit agencies), and OMB Circular A-122 (for nonprofit agencies). All equipment purchased by Contractor must be depreciated in accordance with 45 CFR 95.705. All equipment, materials, supplies or property of any kind purchased from funds reimbursed or furnished by County under the terms of this Agreement shall be fully consumed or aged out in the course of the Agreement/program. County reserves the right to physically reclaim any/all such property at the conclusion of the Agreement in accordance with 45 Code of Federal Regulations, Part 74, Administration of Grants.

F. County shall not be required to purchase any definite amount of services nor does County guarantee to Contractor any minimum amount of funds or hours.

G. Billings:

1. Contractor shall submit billings, in a County specified format, within twenty (20) days following the end of service month, for **February 2012 through April 2012 services. Billings for service months of May and June 2012 are as follows:**

May 2012 is due June 7, 2012
June 2012 is due June 15, 2012

Billing requirements are subject to change and the Contractor shall be notified in writing.

2. Billings shall be submitted to:

Stanislaus County Community Services Agency
Attention: Accounts Payable Supervisor, F3A
P.O. Box 42
Modesto, CA 95353-0042
(209) 558-2217

3. Invoice shall include the following: type and date of service, number of units of service billed, service rate, client name and total due.

H. Payments:

1. If the conditions set forth in this Agreement are met County shall pay, on or before the thirtieth (30th) day after receipt of the billing, the sum of money claimed by the approved billings, (less any credit due County for adjustments of prior billing). If the conditions are not met, County shall pay when the necessary processing is completed.
2. County will not pay for unauthorized services rendered by Contractor or for the claimed services which County monitoring shows have not been provided as authorized.
3. County retains the right to withhold payment on disputed claims.

California SAWS Consortium IV



County Purchase ST-01-2012 Stanislaus County - Type 1 Scanners



I. Overview:

Stanislaus County would like to purchase twenty additional Type 1 scanners through the use of County funds. This purchase will also include the accompanying imaging software licenses as well as Administrative charges for hardware installation. The scope of this County Purchase includes the following:

- Hardware and Software
 - (20) Fujitsu fi-6130 Scanner (Type 1 Scanner)
 - (20) ImageNow CaptureNow for Adrenaline License
- Hardware and Software Support
 - (20) 3 Years of Basic Next-Business-Day Support (for Fujitsu fi-6130 Scanner)
 - (20) 3 Years of Software Support (for ImageNow CaptureNow for Adrenaline License)
- Administrative Charges
- Production Operations Charges

Assumptions:

- The Total Cost is an estimate and is subject to changes at the time of ordering. The estimate includes shipping/handling and taxes as appropriate. The final cost will be provided to the Consortium at the time of invoicing.
- New hardware will initially be sent to the C-IV Remote Depot in Rancho Cordova, California for asset tagging and inventory and will later be transported to Riverside County for installation.
- Taxes for hardware items were estimated at 7.75% and based on the initial shipping location of Rancho Cordova, California.
- Shipping/Handling charges for hardware items were estimated at a rate of 3.0%.
- The Consortium will transfer ownership of all hardware purchased under this County Purchase to the County.
- The Consortium will retain ownership of all software licenses purchased under this County Purchase.
- Hardware, Software and Administrative charges will be invoiced and paid in full upon receipt of hardware acceptance. Equipment acceptance must be complete by May 30, 2012 in order for this County Purchase to be invoiced during State Fiscal Year 2011/12. Otherwise, the charges related to this County Purchase will be invoiced during State Fiscal Year 2012/13.
- Contractor staff will be responsible for the setup and installation of the hardware and software on this order.



- All Fujitsu scanners are purchased with 3-year hardware support agreements from the date of purchase (unless noted otherwise). Once the hardware support agreements have expired, the County will be responsible for funding any hardware refreshes or hardware support renewals through the execution of a separate County Purchase.
- All ImageNow software licenses are purchased with 3-year software support agreements from the date of purchase (unless noted otherwise). Once the software support agreements have expired, the County will be responsible for funding any software refreshes or software support renewals through the execution of a separate County Purchase.
- Stanislaus County will be responsible for monthly recurring operations charges for servicing scanners and scanner maintenance kits. These operations charges will apply the twenty (20) scanners on this order from the date the scanners are deployed and in use, and will run through the end of the Agreement, October 31, 2013. Production Operations charges will be invoiced in monthly arrears to the Consortium, who will then invoice the County.
- The monthly operations charge per covered scanner includes one scanner maintenance kit per scanner per year on average. Excessive usage could result in additional scanner maintenance kits being required - these additional kits are not included in the monthly charge and will be procured through the execution of a separate County Purchase.
- The County must approve this County Purchase and provide the corresponding approved Advance Planning Document (APD) by May 1, 2012. Otherwise, the estimates provided in this County Purchase will not be valid and a new County Purchase will be required.



II. Schedule:

The costs associated with this County Purchase will be incurred during State Fiscal Years 2011/12 through 2013/14.

III. Total Cost:

Total County Purchase Charges	Total Cost	SFY 2011/12	SFY 2012/13	SFY 2013/14
Administrative Charges	\$2,160	\$2,160	\$0	\$0
Hardware and Software Charges	\$52,382	\$52,382	\$0	\$0
Hardware Charges	\$19,802	\$19,802	\$0	\$0
Hardware Maintenance and Support Charges	\$3,320	\$3,320	\$0	\$0
Software Charges	\$19,000	\$19,000	\$0	\$0
Software Maintenance and Support Charges	\$10,260	\$10,260	\$0	\$0
Production Operations Charges	\$9,787	\$1,017	\$6,170	\$2,599
One Time Charges	\$0	\$0	\$0	\$0
Recurring Charges	\$9,787	\$1,017	\$6,170	\$2,599
Total Charges	\$64,329	\$55,559	\$6,170	\$2,599

IV. References:

This purchase is tracked in the Procurement Database and via CA Unicenter Change Order CO1385-2012.



COUNTY PURCHASE APPROVAL

Subject: County Purchase - ST-01-2012

The subject document is accepted as allowing Accenture LLP to proceed with the subject County Purchase.

Stanislaus County

By:
Printed Name: Christine C. Applegate
Title: Director
Date: 5/4/12

County of Stanislaus

By:
Printed Name: Keith D. Boggs
Title: Assistant Executive Officer
GSA Director/Purchasing Agent
Date: 5-17-12

Notice Address:
CSA Stanislaus
251 E. Hackett Road
Modesto, CA 95358

SAWS CONSORTIUM-IV JOINT POWERS AUTHORITY

By:
Printed Name: John Boule
Title: C-IV Project Director
Date: 5/5/12

APPROVED AS TO FORM.
STANISLAUS COUNTY COUNSEL
BY:
DATE: 4/19/12

Notice Address:
SAWS Consortium-IV Joint Powers Authority
Attention: C-IV Project Director
11290 Pyrites Way, Suite 150
Rancho Cordova, CA 95670-4481

COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
AGREEMENT TO PROVIDE
DIABETES EDUCATION SERVICES
FEBRUARY 27, 2012 THROUGH DECEMBER 31, 2012

It is hereby mutually agreed between the County of Stanislaus, Community Services Agency, (hereinafter referred to as "County") and DOCTORS MEDICAL CENTER FOUNDATION, (hereinafter referred to as "Contractor") that the Agreement entered into on February 27, 2012, for the purpose of providing diabetes education services hereby amended as follows:

WHEREAS the need for additional services is required; and

WHEREAS the need for additional services requires additional funds; and

Whereas Paragraph 18. AMENDMENT provides for the amendment of the Agreement by mutual written consent of the parties.

FIRST: EXHIBIT A, I. SCOPE OF WORK:, A. is hereby deleted and replaced with the following:

- A. Contractor shall provide diabetes education services to specific County referred Child Welfare Services clients as follows:
1. One (1) in-home evaluation visit
 2. Thirty-two (32) in-home education sessions
 3. Roundtrip travel to client's home for education sessions

SECOND: EXHIBIT A, II. COMPENSATION:, paragraph 1. is hereby deleted and replaced with the following:

1. The maximum amount of this Agreement for the period February 27, 2012, through December 31, 2012, shall not exceed \$3,274.00

THIRD: EXHIBIT A, II. COMPENSATION:, G. Billings:, is hereby deleted and replaced with the following:

1. Contractor shall submit billings, in a County specified format, within twenty (20) days following the end of service month, for **February 2012 through April 2012 services. Billings for service months of May and June 2012 are as follows:**

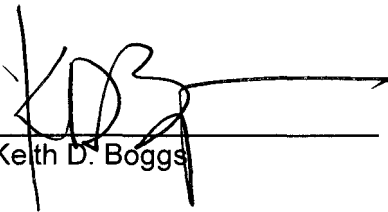
May 2012 is due June 7, 2012
June 2012 is due June 15, 2012

2. Contractor shall submit billings, in a County specified format, within twenty (20) days following the end of service month, for **July 2012 through December 2012 services.**

This Agreement has been signed by the parties or their duly authorized representatives to become effective as of the date referenced on the first page.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate on the day and year first hereinabove written.

COUNTY OF STANISLAUS

By: 
Keith D. Boggs

Title: Assistant Executive Officer
GSA Director/Purchasing Agent

Dated: 6.4.12

DOCTORS MEDICAL CENTER FOUNDATION

By: 
Tom Truax

Title: Executive Director

Dated: 5/23/12

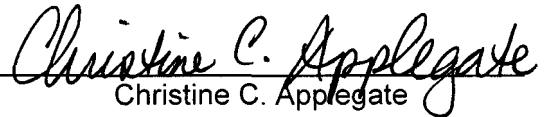
**APPROVED AS TO FORM:
COUNTY COUNSEL
JOHN P. DOERING**

By: 

Title: Deputy County Counsel

Dated: 4/24/12

**APPROVED AS TO CONTENT:
STANISLAUS COUNTY
COMMUNITY SERVICES AGENCY**

By: 
Christine C. Applegate

Title: Director

Dated: 5/29/12

COUNTY OF STANISLAUS

Approved per BOS Item #: 2012-208

Dated: 5/1/12

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
AGREEMENT TO PROVIDE
AUDIT SERVICES
JUNE 1, 2012 THROUGH DECEMBER 31, 2012**

This AGREEMENT FOR PROFESSIONAL SERVICES (the "Agreement") is made and entered into by and between the COUNTY OF STANISLAUS ("County") and **MARCUM LLP**, ("Consultant"), a partnership, on June 1, 2012.

INTRODUCTION

WHEREAS, County has the need for audit services; and Consultant has agreed to provide those services;

WHEREAS, the Consultant is specially trained, experienced and competent to perform and has agreed to provide such services;

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

TERMS AND CONDITIONS

1. SCOPE OF WORK

- 1.1 The Consultant shall furnish to the County upon execution of this Agreement or receipt of the County's written authorization to proceed, those services and work set forth in EXHIBIT A, which is attached hereto and, by this reference, made a part hereof.
- 1.2 All documents, drawings and written work product prepared or produced by the Consultant under this Agreement, including without limitation electronic data files, are the property of the Consultant; provided, however, the County shall have the right to reproduce, publish and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Consultant may copyright the same, except that, as to any work which is copyrighted by the Consultant, the County reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so.
- 1.3 Services and work provided by the Consultant at the County's request under this Agreement shall be performed in a timely manner in accordance with a Schedule of Work, which the parties hereto shall agree to. The Schedule of Work may be revised from time to time upon mutual written consent of the parties.
- 1.4 The Consultant shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions. The Consultant represents and warrants that it shall perform its work in accordance with generally accepted industry standards and practices for the profession or professions that are used in performance of this Agreement and that are in effect at the time of performance of this Agreement. Except for that representation and any representations made or contained in any proposal submitted by the Consultant and any reports or opinions

prepared or issued as part of the work performed by the Consultant under this Agreement, Consultant makes no other warranties, either express or implied, as part of this Agreement.

- 1.5 If the Consultant deems it appropriate to employ a consultant, expert or investigator in connection with the performance of the services under this Agreement, the Consultant shall so advise the County and seek the County's prior approval of such employment. Any consultant, expert or investigator employed by the Consultant shall be the agent of the Consultant not the County.

2. CONSIDERATION

- 2.1 The Consultant shall be compensated on a time and materials basis as provided in EXHIBIT A attached hereto.
- 2.2 Except as expressly provided in this Agreement, Consultant shall not be entitled to nor receive from County any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement, including, but not limited to, meals, lodging, transportation, drawings, renderings or mockups. Specifically, Consultant shall not be entitled by virtue of this Agreement to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays or other paid leaves of absence of any type or kind whatsoever.
- 2.3 The Consultant shall provide the County with a monthly or a quarterly statement, as services warrant, of fees earned and costs incurred for services provided during the billing period, which the County shall pay in full within 30 days of the date each invoice is approved by the County. The statement shall generally describe the services performed, the applicable rate or rates, the basis for the calculation of fees, and a reasonable itemization of costs. All invoices for services provided shall be forwarded in the same manner and to the same person and address that is provided for service of notices herein.
- 2.4 County shall not withhold any Federal or State income taxes or Social Security tax from any payments made by County to Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Consultant. County has no responsibility or liability for payment of Consultant's taxes or assessments.
- 2.5 Payment of all services provided in accordance with the provisions of this Agreement is contingent upon the availability of County, State and Federal funds.

3. TERM

- 3.1 The term of this Agreement shall be from the date of approval of this Agreement until completion of the agreed upon services unless sooner terminated as provided below or unless some other method or time of termination is listed in EXHIBIT A.
- 3.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.

- 3.3 This Agreement shall terminate automatically on the occurrence of (a) bankruptcy or insolvency of either party, (b) sale of Consultant's business, (c) cancellation of insurance required under the terms of this Agreement, and (d) if, for any reason, Consultant ceases to be licensed or otherwise authorized to do business in the State of California, and the Consultant fails to remedy such defect or defects within thirty (30) days of receipt of notice of such defect or defects.
- 3.4 The County may terminate this Agreement upon thirty (30) days prior written notice. Termination of this Agreement shall not affect the County's obligation to pay for all fees earned and reasonable costs necessarily incurred by the Consultant as provided in Paragraph 2 herein, subject to any applicable setoffs.
- 3.5 County shall notify Consultant in writing within thirty (30) days of any potential Federal or State audit exception. Where findings indicate program requirements are not being met and Federal and/or State participation in this program may be imperiled, written notification shall constitute County's intention to terminate this Agreement in the event corrections are not accomplished within thirty (30) days.
- 3.6 This Agreement may be terminated by County upon the giving of thirty (30) days notice of such termination because the services as determined by the Director of Stanislaus County Community Services Agency are inadequate, poorly performed, or improperly supervised. Within the thirty (30) day period, Consultant may appeal the decision of the Director of the Community Services Agency to the Board of Supervisors of Stanislaus County. The determination by the Board as to the termination shall be final.
- 3.7 Notwithstanding any other provisions of this Agreement, County may terminate the Agreement immediately:
- A. Upon receipt of evidence of probable unsafe and/or hazardous practice in the provision of services; or,
 - B. Upon loss of any license(s) required for lawful operation of Consultant's business; or,
 - C. Upon an unauthorized decrease in the required insurance in force; or,
 - D. Upon failure to make payroll payments; or,
 - E. Failure to remit payroll deductions in a timely manner to the appropriate State and Federal government; or,
 - F. Upon failure to substantially meet other financial obligations; or,
 - G. Upon service or a writ of attachment by creditors of Consultant
- 3.8 Either party may terminate this Agreement by giving thirty (30) days written notice to the other party.

4. WORK SCHEDULE

Consultant is obligated to perform in a timely manner those services and work identified in EXHIBIT A. It is understood by Consultant that the performance of these services and work shall require the Consultant to perform the services and work in conformance with the schedule set forth in EXHIBIT A, if any, and, if there is no schedule, the hours and times for completion of said services and work are to be set by the Consultant; provided, however, that such schedule is subject to review by and concurrence of the County.

5. REQUIRED LICENSES, CERTIFICATES AND PERMITS

Any licenses, certificates or permits required by the federal, state, county or municipal governments for Consultant to provide the services and work described in EXHIBIT A must be procured by Consultant and be valid at the time Consultant enters into this Agreement. Further, during the term of this Agreement, Consultant must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits shall be procured and maintained in force by Consultant at no expense to the County.

6. OFFICE SPACE, SUPPLIES, EQUIPMENT, ETC.

Unless otherwise provided in this Agreement, Consultant shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Consultant to provide the services under this Agreement. The Consultant--not the County--has the sole responsibility for payment of the costs and expenses incurred by Consultant in providing and maintaining such items.

7. INSURANCE

7.1 Consultant shall take out, and maintain during the life of this Agreement, insurance policies with coverage at least as broad as follows:

7.1.1 General Liability. Comprehensive general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by Consultant under this Agreement or the general aggregate limit shall be twice the required occurrence limit.

7.1.2 Professional Liability Insurance. Professional errors and omissions (malpractice) liability insurance with limits of no less than One Million Dollars (\$1,000,000) aggregate. Such professional liability insurance shall be continued for a period of no less than one year following completion of the Consultant's work under this Agreement.

7.1.3 Automobile Liability Insurance. If the Consultant or the Consultant's officers, employees, agents, representatives or subcontractors utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single

limits covering bodily injury, property damage and transportation related pollution liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.

- 7.1.4 Workers' Compensation Insurance. Workers' Compensation insurance as required by the California Labor Code. In signing this Agreement, the Consultant certifies under section 1861 of the Labor Code that the Consultant is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Consultant shall comply with such provisions before commencing the performance of the work of this Agreement.
- 7.2 Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by County. At the option of the County, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) the Consultant shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to the County guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related investigations, claim administration and defense expenses. The County, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Consultant agrees that it shall be responsible for and pay any self-insured retention or deductible and shall pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of the Consultant's defense and indemnification obligations as set forth in this Agreement.
- 7.3 The Consultant shall provide a specific endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, naming the County and its officers, officials and employees as additional named insureds regarding: (a) liability arising from or in connection with the performance or omission to perform any term or condition of this Agreement by or on behalf of the Consultant, including the insured's general supervision of the Consultant; (b) services, products and completed operations of the Consultant; (c) premises owned, occupied or used by the Consultant; and (d) automobiles owned, leased, hired or borrowed by the Consultant. For Workers' Compensation insurance, the insurance carrier shall agree to waive all rights of subrogation against the County its officers, officials and employees for losses arising from the performance of or the omission to perform any term or condition of this Agreement by the Consultant.
- 7.4 The Consultant's insurance coverage shall be primary insurance regarding the County and County's officers, officials and employees. Any insurance or self-insurance maintained by the County or County's officers, officials and employees shall be excess of the Consultant's insurance and shall not contribute with Consultant's insurance.
- 7.5 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County or its officers, officials and employees.
- 7.6 The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

- 7.7 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days prior written notice has been given to County. The Consultant shall promptly notify, or cause the insurance carrier to promptly notify, the County of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.
- 7.8 Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Key Rating Guide of no less than A-:VII; provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance.
- 7.9 Consultant shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional named insured under its insurance policies.
- 7.10 At least ten (10) days prior to the date the Consultant begins performance of its obligations under this Agreement, Consultant shall furnish County with certificates of insurance and with original endorsements effecting coverage required by this Agreement, including, without limitation, those effecting coverage for subcontractors of the Consultant. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in County's sole and absolute discretion, approved by County. County reserves the right to require complete copies of all required insurance policies and endorsements, at any time.
- 7.11 The limits of insurance described herein shall not limit the liability of the Consultant and Consultant's officers, employees, agents, representatives or subcontractors.
- 7.12 If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Consultant agrees to maintain the required insurance coverage for a period of three (3) years after the expiration of this Agreement (hereinafter "post agreement coverage") and any extensions thereof. Consultant may maintain the required post agreement coverage by renewal of purchase of prior acts or tail coverage. This provision is contingent upon post agreement coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for post agreement coverage shall be deemed to be reasonable.

8. DEFENSE AND INDEMNIFICATION

- 8.1 To the fullest extent permitted by law, Consultant shall indemnify, hold harmless and defend the County and its agents, officers and employees from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, arising out of, resulting from, or in connection with the performance of this Agreement by the Consultant or Consultant's officers, employees, agents, representatives or subcontractors and resulting in or attributable to personal injury, death, or damage or destruction to tangible or intangible property,

including the loss of use. Notwithstanding the foregoing, Consultant's obligation to indemnify the County and its agents, officers and employees for any judgment, decree or arbitration award shall extend only to the percentage of negligence or responsibility of the Consultant in contributing to such claim, damage, loss and expense.

- 8.2 Consultant's obligation to defend, indemnify and hold the County and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or restricted by any requirement in this Agreement for Consultant to procure and maintain a policy of insurance.
- 8.3 To the fullest extent permitted by law, the County shall indemnify, hold harmless and defend the Consultant and its officers, employees, agents, representatives or subcontractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney's fees, arising out of or resulting from the negligence or wrongful acts of County and its officers or employees.
- 8.4 Subject to the limitations in 42 United States Code section 9607 (e), and unless otherwise provided in a Scope of Services approved by the parties:
 - 8.4.1 Consultant shall not be responsible for liability caused by the presence or release of hazardous substances or contaminants at the site, unless the release results from the negligence of Consultant or its subcontractors;
 - 8.4.2 No provision of this Agreement shall be interpreted to permit or obligate Consultant to assume the status of "generator," "owner," "operator," "arranger," or "transporter" under state or federal law; and
 - 8.4.3 At no time, shall title to hazardous substances, solid wastes, petroleum contaminated soils or other regulated substances pass to Consultant.

9. STATUS OF CONSULTANT

- 9.1 All acts of Consultant and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Consultant relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of County. Consultant, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of County. Except as expressly provided in EXHIBIT A, Consultant has no authority or responsibility to exercise any rights or power vested in the County. No agent, officer or employee of the County is to be considered an employee of Consultant. It is understood by both Consultant and County that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.
- 9.2 At all times during the term of this Agreement, the Consultant and its officers, employees, agents, representatives or subcontractors are, and shall represent and conduct themselves as, independent contractors and not employees of County.
- 9.3 Consultant shall determine the method, details and means of performing the work and services to be provided by Consultant under this Agreement. Consultant shall be responsible to County only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be

subjected to County's control with respect to the physical action or activities of Consultant in fulfillment of this Agreement. Consultant has control over the manner and means of performing the services under this Agreement. If necessary, Consultant has the responsibility for employing other persons or firms to assist Consultant in fulfilling the terms and obligations under this Agreement.

- 9.4 Consultant is permitted to provide services to others during the same period services are provided to County under this Agreement; provided, however, such services do not conflict directly or indirectly with the performance of the Consultant's obligations under this Agreement.
- 9.5 If in the performance of this Agreement any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision and control of Consultant. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Consultant.
- 9.6 It is understood and agreed that as an independent contractor and not an employee of County, the Consultant and the Consultant's officers, employees, agents, representatives or subcontractors do not have any entitlement as a County employee, and, except as expressly provided for in any Scope of Services made a part hereof, do not have the right to act on behalf of the County in any capacity whatsoever as an agent, or to bind the County to any obligation whatsoever.
- 9.7 It is further understood and agreed that Consultant must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Consultant's assigned personnel under the terms and conditions of this Agreement.
- 9.8 As an independent contractor, Consultant hereby indemnifies and holds County harmless from any and all claims that may be made against County based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

10. RECORDS AND AUDITS

- 10.1 Consultant shall prepare and maintain all writings, documents, and records prepared or compiled in connection with the performance of this Agreement for a minimum of five (5) years from the termination or completion of this Agreement or until such records and their supporting documentation are released due to closure of Federal/State audit, whichever is longer. This includes any handwriting, typewriting, printing, photostatic, photographing, and every other means of recording upon any tangible thing, any form of communication or representation including letters, words, pictures, sounds, or symbols or any combination thereof.
- 10.2 Records shall be destroyed in accordance with California Department of Social Services (CDSS) Manual of Policy and Procedures (MPP) Division 23, Section 350.
- 10.3 Any authorized representative of County shall have access to any writings as defined above, provided that said writings are not deemed by Consultant to be confidential, attorney work product, or privileged, for the purposes of making audit, evaluation, examination, excerpts, and transcripts during the period such records are to be maintained by Consultant. Further, County has the right at all reasonable times to audit, inspect, or otherwise evaluate the work performed or being performed under this Agreement.

- 10.4 County shall have the right to audit all billings and records of the Consultant related to this Agreement as required by State law. An independent public accountant can be appointed by County.
- 10.5 Consultant agrees that its financial records shall contain itemized records of all costs and be available for inspection in Stanislaus County within three (3) working days of the request by the County, State or Federal agencies.
- 10.6 Monitoring by County may be accomplished by the following means: field reviews, audit claims, monthly review of records, etc.
- 10.7 Consultant shall be responsible for the procurement and performance of a fiscal and compliance audit annually. Entities receiving in excess of \$500,000 in Federal funds must comply with the Single Audit Act of 1984, PL 98-502 and the Single Audit Amendments of 1996, P.L. 104-156. All audits must be performed in accordance with Government Audit standards as set forth in the Guidelines for Financial and Compliance Audits for Federally Assisted Programs, Activities, and Functions, and the provisions of OMB Circular A-133 as this applies to the auditing of states, local governments, institutions of higher education and non-profit.
- 10.8 The annual audit requirement is replaced with a biennial audit covering the most recent fiscal year if all of the following apply:
 - A. The total County Agreement expenditures, from all funding sources, during the fiscal year, are less than \$100,000
 - B. The Consultant is in compliance with all other Agreement requirements
 - C. An audit was performed on one of the preceding two years in accordance with Government Auditing Standards and a copy of the report and any management letter has been submitted to County
 - 1) The auditor's opinion on the financial statement and the schedule of federal awards (if applicable) were unqualified
 - 2) There were no deficiencies in internal control over financial reporting that were identified as material weaknesses under the requirements of Government Auditing Standards
 - 3) None of the state or federal programs had audit findings in the preceding year that were classified as:
 - a. Material weaknesses in the internal control over compliance
 - b. Noncompliance with the provisions of laws, regulations, contracts, or grant agreements that had a material effect on the program
 - c. Known or likely questioned costs
 - D. The audit must be conducted in accordance with Government Auditing Standards and the statements must be prepared in conformity with generally accepted accounting principles.

- 10.9 Consultant shall include in all fiscal audit reports an opinion which indicates whether program expenditures are allowable pursuant to the provisions of 45 CFR, Part 74, and all applicable State and Federal guidelines, policies and procedures.
- 10.10 Expenses incurred by Consultant to provide for the performance of an audit to satisfy said requirements are an allowable Agreement cost. Consultant is responsible for ensuring that the appropriate portion of audit costs are included with its total executed Agreement funds.
- 10.11 Consultant is responsible for submitting to County an audit report, prepared in accordance with said requirements, within one hundred twenty (120) days of the end of the Consultant's fiscal year.

11. CONFIDENTIALITY

Consultant shall comply and require its officers and employees to comply with the provisions of Section 10850 of the Welfare and Institutions Code (WIC) and Division 19 of the California Department of Social Services Manual of Policies and Procedures to assure that:

- 11.1 Any and all information pertaining to the administration of public social services, for which grants in aid are received shall be confidential and shall not be open to examination for any purpose not directly connected with the administration of public social services.
- 11.2 No person shall publish or disclose, or use or permit, or cause to be published, disclosed or used, any confidential information pertaining to an applicant or recipient.
- 11.3 Consultant shall inform all of its employees, agents, subcontractors and partners of the above provision and that any person knowingly and intentionally violating the provisions of said state law is guilty of misdemeanor.
- 11.4 Consultant, as an agent of Stanislaus County, shall be in compliance with the privacy and security safeguards agreement titled Medi-Cal Data Privacy and Security Agreement between the California Department of Health Care Services and the County of Stanislaus, Community Services Agency located at <http://www.stanworks.com/other-services/medi-cal-data-privacy-and-security-agreement.pdf>.

12. NON-DISCRIMINATION

- 12.1 During the performance of this Agreement, Consultant and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any Federal, State or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex or sexual orientation. Consultant and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's non-discrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

- 12.2 Consultant shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.
- 12.3 Consultant shall provide a system by which recipients of service shall have the opportunity to express and have considered their views, grievances, and complaints regarding Consultant's delivery of services.

13. ASSIGNMENT

- 13.1 This is an agreement for the services of Consultant. County has relied upon the skills, knowledge, experience and training of Consultant and the Consultant's firm, associates and employees as an inducement to enter into this Agreement. Consultant shall not assign or subcontract this Agreement without the express written consent of County. Further, Consultant shall not assign any monies due or to become due under this Agreement without the prior written consent of County.
- 13.2 Any working agreements, memoranda of understanding, or subcontracts let as a result of this Agreement shall adhere to the terms contained in this Agreement and shall be submitted to County prior to their commencement.

14. WAIVER OF DEFAULT

Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

15. NOTICE

Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which Consultant or County shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first class mail to the respective parties as follows:

To County: County of Stanislaus
Community Services Agency
Attention: Contracts Manager
P.O. Box 42
Modesto, CA 95353

To Consultant: Marcum LLP
Attention: Carmen Wilson
101 Montgomery Street, Suite 1900
San Francisco, CA 94104

16. CONFLICTS

Consultant agrees that it has no interest and shall not acquire any interest direct or indirect which would conflict in any manner or degree with the performance of the work and services under this Agreement.

17. SEVERABILITY

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

18. AMENDMENT

This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

19. ADVICE OF ATTORNEY

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

20. CONSTRUCTION

Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

21. GOVERNING LAW AND VENUE

This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Stanislaus, State of California.

22. GENERAL ACCOUNTABILITY

22.1 In the event of an audit exception or exceptions, the party responsible for not meeting the program requirement or requirements shall be responsible for the deficiency.

22.2 In the event of any State hearings, cash grant award or lawsuit award resulting from Consultant's failure to perform as required by this Agreement, reimbursement shall be made to the damaged party by Consultant.

22.3 Additional costs to County for maintaining any portion of the Agreement as a result of Consultant's failure to perform, as required by this Agreement, are subject to recoupment by County through withholding from billings or any other form of legal action.

23. CODE OF ETHICS

Consultant shall uphold the following Code of Ethics:

- Professional Conduct: Employees of Consultant shall abide by all applicable laws, regulations, policies and procedures in the delivery of all services. Professional staff of Consultant shall also abide by specific codes of ethics prescribed by the professional organizations which set standards for their profession.
- Quality of Service: Employees of Consultant shall promote the goals of the program, which includes enhancement of participant self esteem, by providing quality service which demonstrates knowledge of the respect for participant needs.
- Respect and Courtesy: Employees of Consultant shall conduct all activities with respect and courtesy for participants.
- Propriety: Employees of Consultant shall not make use of their position or relationship with clients for personal gain.
- Positive Representation: Employees of Consultant shall not behave in any manner that shall bring discredit to his/her professional status and reputation or to the program.

24. STATE ENERGY CONSERVATION PLAN

Consultant agrees to recognize the mandatory standards and policies relating to energy efficiency in the State Energy Conservation Plan Title 23, California Administrative Code, as required by the U.S. Energy, Policy and Conservation Act (P.L. 94-165).

25. COPYRIGHT ACCESS

County, CDSS, and the United States Department of Health and Human Services shall have a royalty free nonexclusive and irrevocable license to publish, translate, or use, now or hereafter, all material developed under this Agreement including those covered by copyright.

26. CONVICTION OF CRIME

- 26.1 Consultant shall immediately notify County concerning the arrest and/or subsequent conviction, for other than minor traffic offenses, of any paid employee and/or volunteer staff assigned to provide services under this Agreement, when such information becomes known to Consultant.
- 26.2 Consultant agrees not to knowingly employ any person convicted of any crime involving abuse, neglect, violence, or sexual conduct involving or perpetrated upon a minor, or an adult person or who has been convicted of any felony.
- 26.3 Consultant shall establish a procedure acceptable to County to ensure that all employees or agents performing services under this Agreement report child abuse or neglect to a child protective agency as defined in Penal Code Section 11165.1 through 11165.6. Consultant shall require each employee, volunteer, consultant, subcontractor or agency to sign a statement that he or she knows of the reporting requirements as defined in Penal Code Section 11166(a) and shall comply with the provisions of the code section.

27. MATCHING FUNDS

These funds are not available for matching unless certified by County.

28. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION-LOWER TIER COVERED TRANSACTIONS

28.1 County and Consultant recognize that Federal assistance funds shall be used under the terms of this Agreement. For purposes of this paragraph, Consultant shall be referred to as the "prospective recipient".

28.2 This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 29 CFR Part 98, Section 98.510, Participants' responsibilities. The regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160-19211).

A. The prospective recipient of Federal assistance funds certifies by entering this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

B. The prospective recipient of funds agrees by entering this Agreement, that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Federal department or agency with which this transaction originated.

C. Where the prospective recipient of Federal assistance funds is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this Agreement.

D. The prospective recipient shall provide immediate written notice to County if at any time prospective recipient learns that its certification in paragraph 28, of this Agreement was erroneous when submitted or has become erroneous by reason of changed circumstances.

E. The prospective recipient further agrees that by entering this Agreement, it shall include a clause identical to paragraph 28 of this Agreement and titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions", in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

F. The certification in paragraph 28 of this Agreement is a material representation of fact upon which reliance was placed by County when this transaction was entered into.

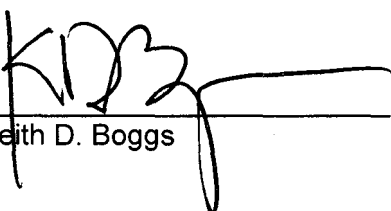
29. COMPLIANCE WITH FALSE CLAIMS ACT

29.1 Consultant shall notify County immediately upon discovery of any employee of Consultant, any subcontractor, agent or other persons providing services, on behalf of Consultant who are placed on the State's Medi-Cal Suspended and Ineligible Provider List. Any employee of Consultant, any subcontractor, agent or other

This Agreement has been signed by the parties or their duly authorized representatives to become effective as of the date referenced on the first page.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first hereinabove written.

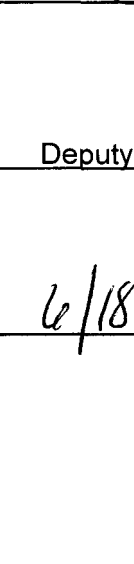
COUNTY OF STANISLAUS

By: 
Keith D. Boggs

Title: Assistant Executive Officer,
GSA Director/Purchasing Agent

Dated: 7-9-12

MARCUM LLP

By: 

Title: PARTNER

Dated: 6-25-12

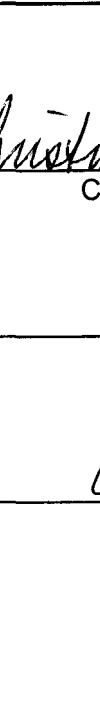
**APPROVED AS TO FORM:
COUNTY COUNSEL
JOHN P. DOERING**

By: 

Title: Deputy County Counsel

Dated: 6/18/12

**APPROVED AS TO CONTENT:
COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY**

By: 
Christine C. Applegate

Title: Director

Dated: 6/27/12

**MARCUM LLP
AGREEMENT TO PROVIDE
AUDIT SERVICES
JUNE 1, 2012 THROUGH DECEMBER 31, 2012**

Request for Proposal/Qualifications/Information #11-47-SS issued by Stanislaus County GSA Purchasing Division; the Contractor's/Consultant's responding proposal; Information for Proposers; General Conditions, as well as any plans, specifications, addenda, and any documents particularly required or provided (as may be applicable), all of which are incorporated herein by reference and made a part hereof (collectively, the "RFP"), together with this agreement, comprise the contract and all services provided hereunder shall be performed in accordance therewith. In the event there is a conflict between the terms and conditions set forth in the RFP, then in such case, the terms and conditions of this Agreement shall prevail

I. SCOPE OF WORK:

- A. Consultant shall certify that they are a Certified Public Accountant (CPA) licensed by the California Board of Accountancy or a Public Accountant (PA) licensed on or before December 31, 1970, and currently certified and licensed by the State of California.
- B. Consultant shall perform a program specific financial and compliance audit of two (2) California Department of Education (CDE) Child Care Programs for the fiscal year ending June 30, 2012, as follows:

<u>Stage/Type</u>	<u>Contract Number</u>
2	C2AP-1069
3	C3AP-1067

- C. Consultant shall examine and audit all books, records, and accounts of the Child Care and Development Programs of the County for the fiscal year ending 2012 in accordance with the generally accepted accounting principles in the United States of America (GAAP). The audit shall include review of internal controls, financial transactions, and records of the County necessary to express an opinion on the County's financial condition and program compliance. The audit must comply with the requirements of the California Department Education (CDE), Audits and Investigation Division (A&I), CDE Audit Guide and OMB Circular A -133.
- D. Consultant shall submit two (2) copies of the acceptable annual CDE Child Care and Development financial and compliance audit and management letter no later than November 15, 2012, directly to:

California Department of Education
Audits & Investigations Division
1430 N Street, Suite 5319
Sacramento, CA 95814
Attention: Audit Reports Review Section

- E. Consultant shall provide verification of submission of the completed audit to CDE and twelve (12) copies of the completed audit to County.
- F. The Consultant shall make available, on request by CDE, a copy of all audit documentation pertaining to the audit.
- G. Consultant may request a one-time only, thirty (30) calendar day extension of the audit due date, provided the inability of the Consultant to submit the audit by the due date was beyond the fault and control of the Consultant or County.

Granting of the extension is contingent upon approval by CDE Audits & Investigations Division and County.
- H. EXHIBIT B, Engagement letter which is attached hereto and is by reference.

II. COMPENSATION:

Consultant shall be compensated for the services provided under this Agreement as follows:

- A. Costs:
 - 1. The maximum amount of this Agreement for the period June 1, 2012, through December 31, 2012, shall not exceed \$24,000.
 - 2. This is a fixed rate, per unit of service Agreement for a completed CDE Child Care Financial and Compliance Audit.
- B. Consultant shall make no charge to the recipient and shall collect no share of cost.
- C. This Agreement shall be effective June 1, 2012, through December 31, 2012.
- D. Consultant agrees that the costs to be charged to County for contracted services for the term of this Agreement includes all allowable Consultant costs, both indirect and direct, relative to this Agreement.
- E. Costs must conform with Federal costs regulation: OMB Circular A-87, A Guide for State and Local Government Agencies, 48 CFR, Part 31, Subpart 31.2 (for profit agencies), and OMB Circular A-122 (for nonprofit agencies). All equipment purchased by Consultant must be depreciated in accordance with 45 CFR 95.705. All equipment, materials, supplies or property of any kind purchased from funds reimbursed or furnished by County under the terms of this Agreement shall be fully consumed or aged out in the course of the Agreement/program. County reserves the right to physically reclaim any/all such property at the conclusion of the Agreement in accordance with 45 Code of Federal Regulations, Part 74, Administration of Grants.
- F. County shall not be required to purchase any definite amount of services nor does County guarantee to Consultant any minimum amount of funds or hours.

G. Billings:

1. Consultant shall submit monthly billing, as work progresses, in a County specified format, to County after July 1, 2012.

Billing requirements are subject to change and the Consultant shall be notified in writing.

2. Billings shall be submitted to:

Stanislaus County Community Services Agency
Attention: Accounts Payable Supervisor, F3A
P.O. Box 42
Modesto, CA 95353-0042
(209) 558-2217

3. Invoice shall include the following: type and date of service, and total due.

H. Payments:

1. If the conditions set forth in this Agreement are met County shall pay, on or before the thirtieth (30th) day after receipt of the billing, the sum of money claimed by the approved billings, (less any credit due County for adjustments of prior billing). If the conditions are not met, County shall pay when the necessary processing is completed.
2. County shall not pay for unauthorized services rendered by Consultant or for the claimed services which County monitoring shows have not been provided as authorized.
3. County retains the right to withhold payment on disputed claims.



May 17, 2012

Ms. Christine Applegate, Director
Stanislaus County Community Services Agency
251 E. Hackett Road
Modesto, CA 95353-0042

Re: Engagement of Marcum LLP (the Firm) as the Agency's Independent Auditors

Dear Ms. Applegate:

We are pleased to confirm our understanding of the services we are to provide the Stanislaus County Community Services Agency (Agency) for the year ended June 30, 2012. We will audit the financial statements of the Child Development Programs (Programs) as of and for the year ending June 30, 2012.

We have also been engaged to report on supplementary information that accompanies the Programs' basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the basic financial statements as a whole:

- 1) Combining Schedule of Administrative Costs.
- 2) Schedule of Expenditures by State Category.
- 3) AUP 9500-AP Schedules.
- 4) Schedule of Equipment Purchases.
- 5) Schedule of Renovation and Repair Expenses.



Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the preceding paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Program's and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Programs are subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Programs or to acts by management or employees acting on behalf of the Programs. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the Programs and their environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Programs' compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of the draft of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the Programs' activities and the respective changes in financial position and where applicable, cash flows, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the Programs involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Programs received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Programs comply with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of any audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Communication with Those Charged with Governance

As part of our engagement, we are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process as well as other matters we believe should be communicated to those charged with governance. Generally accepted auditing standards do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance. Such matters include, but are not limited to, (1) the initial selection of and changes in significant accounting policies and their application; (2) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (3) all passed audit adjustments; (4) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our report; (5) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (6) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; (7) serious difficulties that we encountered in dealing with management related to the performance of the audit; and (8) matters relating to our independence as your auditors.

Reproduction of Auditor's Report

If you intend to publish or otherwise reproduce the financial statements and make reference to our Firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document.

Assistance By Your Personnel

We will ask that your personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to our staff. This assistance by your personnel will serve to facilitate the progress of our work and minimize our time requirements.

Background Checks

As a matter of Firm policy, we perform background checks on potential clients and/or on existing clients, on an as-determined basis. The terms and conditions of this engagement are expressly contingent upon the satisfactory completion of our investigatory procedures and we reserve the right to withdraw from any relationship should information which we deem to be adverse come to our attention. The results of all background checks and other investigatory procedures are submitted to, and reviewed by, our Firm's Client Acceptance Committee.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, we ask that no offer of employment be discussed with any Marcum LLP professionals assigned to the audit, during the one year period prior to the commencement of the year end audit. Should such an offer of employment be made, or employment commences during the indicated time period, we will consider this an indication that our independence may have been compromised. In response, we may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at our standard hourly rates.

Access to Working Papers

The working papers prepared in conjunction with our engagement are the property of Marcum LLP and constitute confidential information. These working papers will be retained by us in accordance with applicable laws and our Firm's policies and procedures. However, we may be required, by law or regulation, to make certain working papers available to regulatory authorities for their review, and upon request, we may be required to provide such authorities with photocopies of selected working papers.

The Firm is required to undergo a "peer review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work we performed for you may be selected. Your signing this letter represents your acknowledgement and permission to allow such access should your engagement be selected for review.

As a result of our prior or future services to you, we may be required or requested to provide information or documents to you or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which we are not a party. If this occurs, our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of our profession.

Third-Party Service Providers

The Firm may, from time to time, and depending on the circumstances, use third-party service providers to assist us with the audit of your financial statements. We may share confidential information about you with the third-party service providers, but remain committed to maintaining the confidentiality of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. Furthermore, the Firm will remain responsible for the work performed by such third-party service providers.

Dispute Resolution Procedure, Waiver of Jury Trial and Jurisdiction and Venue for Any and All Disputes Under This Engagement Letter and Governing Law

AS A MATERIAL INDUCEMENT FOR US TO ACCEPT THIS ENGAGEMENT AND/OR RENDER THE SERVICES TO THE GOVERNMENT UNIT IN ACCORDANCE WITH THE PROVISIONS OF THIS ENGAGEMENT LETTER: The Firm and the Agency each hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation based hereon, or arising out of, under or in connection with this engagement letter and/or the services provided hereunder, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party. This firm and the Agency each expressly agree and acknowledge that the Supreme Court of the State of California, County of Stanislaus, and the United States District Court for the Central District of California, Western Division Courthouse, shall have exclusive and sole jurisdiction and venue for any respective state and federal actions arising from, relating to or in connection with this engagement letter, or any course of conduct, course of dealing, statement or actions of either party.

We acknowledge your right to terminate our services at any time, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for all direct and indirect charges incurred through the date of termination or resignation or thereafter as circumstances and this agreement may require, plus applicable interest, costs, fees and attorneys' fees. Either party must provide a 30 day notice of termination in writing.

You agree that our liability arising out of our services provided shall not exceed the total amount paid for the services described herein. This shall be your exclusive remedy.

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than three years after the date of the last services provided under this agreement.

The Agency hereby indemnifies Marcum LLP and its partners, principals, and employees, and holds them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of the Agency's management, regardless of whether such person was acting in the Agency's interest. This indemnification will survive termination of this letter of engagement.

Other Services

We are always available to meet with you and/or other management personnel at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting your Organization. Whenever you feel such meetings are desirable please let us know; we are prepared to provide services to assist you in any of these areas.

Timeline

Our engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Fees

Our fees for these services will be \$24,000 for the year ended June 30, 2012. Our invoices for these fees will be rendered as the work progresses, and are due and payable upon presentation. In accordance with our Firm policies, should any invoice remain unpaid for more than thirty days, we reserve the right to defer providing any additional services until all outstanding invoices are paid in full. You agree that we are not responsible for the impact on your organization of any delay that results from such non-payment by you.

Our fee is based on certain assumptions, including the required assistance described above. To the extent that certain circumstances including but not limited to those in Appendix A, arise during the engagement, our fee estimate may be significantly affected and additional fees may be necessary. Additional services provided beyond the described scope of services will be separately.

Report Distribution and Other

We will provide copies of our reports to the Agency; however, management is responsible for distribution of the reports and the financial statements, except as other arrangements have been mutually agreed to. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our 2011 peer review report accompanies this letter.

Agreement

This letter is part of the signed contract between the Firm and the Agency. If any provision of this letter is determined to be unenforceable, all other provisions shall remain in force and the signed contract will supercede.

If you agree with the terms of our engagement, as described in this letter, please sign the two enclosed letters, and return both of them to us and we will send you an executed original.

We appreciate the opportunity to be of service to the Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

Marcum LLP
Certified Public Accountants

Carmen Wilson

ACCEPTED

This letter correctly sets forth the agreement of Stanislaus County Community Services Agency.

Authorized Signature: _____

Title: _____

Date signed: _____

APPENDIX A

Stanislaus County Community Services Agency

Circumstances Affecting Timing and Fee Estimate

The estimated fees are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include but are not limited to the following:

1. Changes to the timing of the engagement at your request. Changes to the timing of the engagement usually require reassignment of personnel used by Marcum LLP ("the Firm") in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, the Firm may incur significant unanticipated costs.
2. All requested schedules are not (a) provided by the accounting personnel on the date requested, (b) completed in a format acceptable to the Firm (c) mathematically correct, or (d) in agreement with the appropriate underlying records (e.g., general ledger accounts). The Firm will provide the accounting personnel with a separate listing of required schedules and deadlines.
3. Weaknesses in the internal control structure.
4. Significant new issues or unforeseen circumstances as follows:
 - a. New accounting issues that require an unusual amount of time to resolve.
 - b. Changes or transactions that occur prior to the issuance of our report.
 - c. Changes in the Agency's accounting personnel, their responsibilities, or their availability.
 - d. Changes in auditing requirements set by regulators.
5. Significant delays in the accounting personnel's assistance in the engagement or delays by them in reconciling variances as requested by the Firm. All invoices, contracts and other documents which we will identify for the Agency, are not located by the accounting personnel or made ready for our easy access.
6. A significant level of proposed audit adjustments are identified during our audit.
7. Changes in audit scope caused by events that are beyond our control.
8. Untimely payment of our invoices as they are rendered.

MARCUM

ACCOUNTANTS & ADVISORS

May 17, 2012

Ms. Christine Applegate, Director
Stanislaus County Community Services Agency
251 E. Hackett Road
Modesto, CA 95353-0042

Re: Engagement of Marcum LLP (the Firm) as the Agency's Independent Auditors

Dear Ms. Applegate:

We are pleased to confirm our understanding of the services we are to provide the Stanislaus County Community Services Agency (Agency) for the year ended June 30, 2012. We will audit the financial statements of the Child Development Programs (Programs) as of and for the year ending June 30, 2012.

We have also been engaged to report on supplementary information that accompanies the Programs' basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the basic financial statements as a whole:

- 1) Combining Schedule of Administrative Costs.
- 2) Schedule of Expenditures by State Category.
- 3) AUP 9500-AP Schedules.
- 4) Schedule of Equipment Purchases.
- 5) Schedule of Renovation and Repair Expenses.



Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the preceding paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Program's and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Programs are subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Programs or to acts by management or employees acting on behalf of the Programs. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the Programs and their environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Programs' compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of the draft of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the Programs' activities and the respective changes in financial position and where applicable, cash flows, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the Programs involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Programs received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Programs comply with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of any audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Communication with Those Charged with Governance

As part of our engagement, we are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process as well as other matters we believe should be communicated to those charged with governance. Generally accepted auditing standards do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance. Such matters include, but are not limited to, (1) the initial selection of and changes in significant accounting policies and their application; (2) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (3) all passed audit adjustments; (4) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our report; (5) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (6) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; (7) serious difficulties that we encountered in dealing with management related to the performance of the audit; and (8) matters relating to our independence as your auditors.

Reproduction of Auditor's Report

If you intend to publish or otherwise reproduce the financial statements and make reference to our Firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document.

Assistance By Your Personnel

We will ask that your personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to our staff. This assistance by your personnel will serve to facilitate the progress of our work and minimize our time requirements.

Background Checks

As a matter of Firm policy, we perform background checks on potential clients and/or on existing clients, on an as-determined basis. The terms and conditions of this engagement are expressly contingent upon the satisfactory completion of our investigatory procedures and we reserve the right to withdraw from any relationship should information which we deem to be adverse come to our attention. The results of all background checks and other investigatory procedures are submitted to, and reviewed by, our Firm's Client Acceptance Committee.

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As a result of our prior or future services to you, we may be required or requested to provide information or documents to you or a third-party in connection with a legal or administrative proceeding (including a grand jury investigation) in which we are not a party. If this occurs, our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of our profession.

Third-Party Service Providers

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Dispute Resolution Procedure, Waiver of Jury Trial and Jurisdiction and Venue for Any and All Disputes Under This Engagement Letter and Governing Law

AS A MATERIAL INDUCEMENT FOR US TO ACCEPT THIS ENGAGEMENT AND/OR RENDER THE SERVICES TO THE GOVERNMENT UNIT IN ACCORDANCE WITH THE PROVISIONS OF THIS ENGAGEMENT LETTER: The Firm and the Agency each hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation based hereon, or arising out of, under or in connection with this engagement letter and/or the services provided hereunder, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party. This firm and the Agency each expressly agree and acknowledge that the Supreme Court of the State of California, County of Stanislaus, and the United States District Court for the Central District of California, Western Division Courthouse, shall have exclusive and sole jurisdiction and venue for any respective state and federal actions arising from, relating to or in connection with this engagement letter, or any course of conduct, course of dealing, statement or actions of either party.

We acknowledge your right to terminate our services at any time, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for all direct and indirect charges incurred through the date of termination or resignation or thereafter as circumstances and this agreement may require, plus applicable interest, costs, fees and attorneys' fees. Either party must provide a 30 day notice of termination in writing.

You agree that our liability arising out of our services provided shall not exceed the total amount paid for the services described herein. This shall be your exclusive remedy.

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than three years after the date of the last services provided under this agreement.

The Agency hereby indemnifies Marcum LLP and its partners, principals, and employees, and holds them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of the Agency's management, regardless of whether such person was acting in the Agency's interest. This indemnification will survive termination of this letter of engagement.

Other Services

We are always available to meet with you and/or other management personnel at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting your Organization. Whenever you feel such meetings are desirable please let us know; we are prepared to provide services to assist you in any of these areas.

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Our fee is based on certain assumptions, including the required assistance described above. To the extent that certain circumstances including but not limited to those in Appendix A, arise during the engagement, our fee estimate may be significantly affected and additional fees may be necessary. Additional services provided beyond the described scope of services will be separately.

APPENDIX A

Stanislaus County Community Services Agency

Circumstances Affecting Timing and Fee Estimate

The estimated fees are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include but are not limited to the following:

1. Changes to the timing of the engagement at your request. Changes to the timing of the engagement usually require reassignment of personnel used by Marcum LLP ("the Firm") in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, the Firm may incur significant unanticipated costs.
2. All requested schedules are not (a) provided by the accounting personnel on the date requested, (b) completed in a format acceptable to the Firm (c) mathematically correct, or (d) in agreement with the appropriate underlying records (e.g., general ledger accounts). The Firm will provide the accounting personnel with a separate listing of required schedules and deadlines.
3. Weaknesses in the internal control structure.
4. Significant new issues or unforeseen circumstances as follows:
 - a. New accounting issues that require an unusual amount of time to resolve.
 - b. Changes or transactions that occur prior to the issuance of our report.
 - c. Changes in the Agency's accounting personnel, their responsibilities, or their availability.
 - d. Changes in auditing requirements set by regulators.
5. Significant delays in the accounting personnel's assistance in the engagement or delays by them in reconciling variances as requested by the Firm. All invoices, contracts and other documents which we will identify for the Agency, are not located by the accounting personnel or made ready for our easy access.
6. A significant level of proposed audit adjustments are identified during our audit.
7. Changes in audit scope caused by events that are beyond our control.
8. Untimely payment of our invoices as they are rendered.

Report Distribution and Other

We will provide copies of our reports to the Agency; however, management is responsible for distribution of the reports and the financial statements, except as other arrangements have been mutually agreed to. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our 2011 peer review report accompanies this letter.

Agreement

This letter is part of the signed contract between the Firm and the Agency. If any provision of this letter is determined to be unenforceable, all other provisions shall remain in force and the signed contract will supercede.


If you agree with the terms of our engagement, as described in this letter, please sign the two enclosed letters, and return both of them to us and we will send you an executed original.

We appreciate the opportunity to be of service to the Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

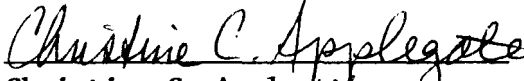
Marcum LLP
Certified Public Accountants


Carmen Wilson

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL
BY 
DATE: 6/29/12

ACCEPTED

This letter correctly sets forth the agreement of Stanislaus County Community Services Agency.

Authorized Signature: 
Christine C. Applegate

Title: Director

Date signed: 6/29/12



THIRD QUARTER



Monica Nino

“ The future belongs to those who prepare for it ”

- Ralph Waldo Emerson

Third Quarter Financial Report

Purpose:

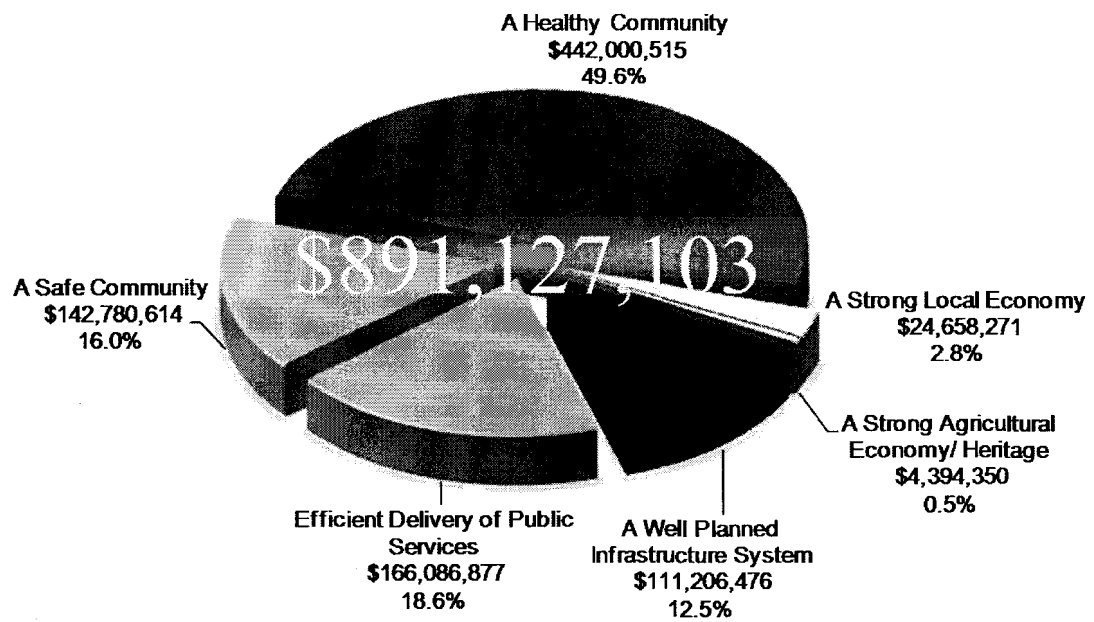
- Make any necessary adjustments to ensure the County ends the year in a positive fiscal position.
- Review of significant budget challenges facing the State of California and county government.
- Set Public Hearing for consideration of the 2012-2013 Fiscal Year Proposed Budget.

Board Priorities

The 2011-2012 Third Quarter Report is organized by the seven Board of Supervisors Priorities of:

- A Safe Community;**
- A Healthy Community;**
- A Strong Local Economy;**
- Effective Partnerships;**
- A Strong Agricultural Economy/Heritage;**
- A Well Planned Infrastructure System; and**
- Efficient Delivery of Public Services**

Final Budget 2011-2012



Third Quarter Budget Highlights

Board Priority Area	Recommended Appropriations	Recommended Revenue	Use of Recommended Fund Balance / Retained Earnings
A Safe Community	-	(\$175,000)	\$175,000
A Healthy Community	\$12,801,046	\$9,171,606	\$3,629,440
A Strong Local Economy	\$30,700	\$30,700	-
A Strong Agricultural Economy/Heritage	\$163,649	\$163,649	-
A Well Planned Infrastructure System	\$600,000	\$600,000	-
Efficient Delivery of Public Services	\$2,498,719	\$2,102,200	\$396,519
Total Priority Adjustments	\$16,094,114	\$11,893,155	\$4,200,959

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

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Safe Community		(\$175,000)	\$175,000	\$0

County Court Funding:

\$175,000 decrease in estimated revenue due to a drop in court fines and fees causing us to be short in meeting the minimum maintenance of effort with the Administrative Office of the Courts; funded by the use of General Fund fund balance.

A Healthy Community

COUNTY DEPARTMENTS

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

A Healthy Community

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Healthy Community	\$12,801,046	\$9,171,606	\$3,629,440	\$0

Health Services Agency:

\$6,403,296 change in funds use - a transfer of \$3,201,648 from Clinics and Ancillary Services into the Indigent Health Care program to fund costs for increased utilization and program changes for Medically Indigent Adult Program pursuant to section 17000 mandates.

A Healthy Community

Community Services Agency:

- All CSA budgets have been reconciled to meet year-end cost exposures resulting in a \$5,304,250 net increase in appropriations.
- Significant increases in Foster Care program costs and funding actual IHSS Wages, Benefits and Administrative costs require \$1.7 million from County Match Contingencies after savings in CalWORKS, Public Assistance and General Assistance and increased realignment revenue and State and Federal Allocations.

A Healthy Community

Community Services Agency:

Request a transfer of \$176,459 in appropriations from General Assistance into Public Economic Assistance. Declining caseloads in the Adult General Relief program allows for \$177,459 in County Match to be transferred into Public Assistance to partially offset the unmet need in Foster Care.

A Healthy Community

Behavioral Health and Recovery Services:

\$1,093,500 net increase - for increased contract expenses for psychiatric hospitalization, costs related to the 24-hour Secure Mental Health Services strategic planning process, unexpected Public Guardian retirement cashouts, and an increase in Alcohol and Drug program Primary Prevention Services. The overall increase will be funded by \$73,500 of Federal block grant funds and the additional use of \$1,020,000 in departmental fund balance.

A Healthy Community

Behavioral Health and Recovery Services:

Request to process prior year invoices from the Stanislaus County Office of Education for graphic services performed last fiscal year. No appropriation increases are requested for these payments.

A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
Library

A Strong Local Economy

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Strong Local Economy	\$30,700	\$30,700		\$0

Library:

\$30,700 increase - will support the 2012 Summer Reading program funded by a donation from the Stanislaus Library Foundation.

A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/ Heritage

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Strong Agricultural Economy/Heritage	\$163,649	\$163,649		\$0

Agricultural Commissioner:

\$163,649 increase - additional Pesticide Mill Tax revenue will fund program employee costs through year-end.

Transfer of \$39,351 in appropriations from Fixed Assets into Salaries and Benefits.

A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources

Parks and Recreation

Planning and Community Development

Public Works

A Well Planned Infrastructure System

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Strong Local Economy	\$600,000	\$600,000		\$0

Environmental Resources:

\$460,000 increase - for well drilling associated with the Groundwater Plume Investigation and optimizing the Groundwater Extraction and Treatment System funded by an operating transfer from the Geer Road Landfill Post-Closure account.

A Well Planned Infrastructure System

Planning and Community Development:

\$140,000 increase - funded by a grant from the State of California HOME program for additional activity (down payment assistance, housing rehabilitation, etc.) in the current year.

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

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
Efficient Delivery of Public Services	\$2,498,719	\$2,102,200	\$396,519	\$0

Chief Executive Office – Risk Management:
\$2,100,000 increase - Medical Self-Insurance increase of \$1.5 million to reflect employees’ share of costs and revenue from COBRA participants, special districts, and early retirees in new self-funded plan. Workers’ Compensation increase of \$600,000 related to settlement of various claims funded by revenue reimbursement from excess insurance carriers.

Prior Budget Fully-Insured Medical Program		New Budget Self-Insured Medical Program	
Included in County Budget	Not Included in County Budget	Included in County Budget	
Department Costs & Revenue	Employee Costs & Revenue	Department Costs & Revenue	Employee Costs & Revenue
	COBRA Member Costs & Revenue	COBRA Member Costs & Revenue	Special Districts Costs & Revenue
	Special Districts Costs & Revenue		Early Retiree Costs & Revenue
	Early Retiree Costs & Revenue		

Efficient Delivery of Public Services

Chief Executive Office - Mandated Match:

As described earlier, transfer \$1,737,857 from the Contingency Match Account for Community Services Agency mandated costs for Foster Care (\$1,352,930), IHSS Provider Wages (\$343,824) and IHSS Benefits (\$41,103).

Efficient Delivery of Public Services

Chief Executive Office - General Fund

Contributions to Other Programs:

\$240,715 increase - to fully fund the County's obligations to the North McHenry Revenue Sharing Agreement with City of Modesto.

Efficient Delivery of Public Services

Clerk Recorder-Elections:

\$96,622 increase - additional costs for the June 2012 Presidential Primary Election funded by General Fund fund balance.

Chief Executive Office – County Facilities:

\$59,182 increase - ongoing maintenance costs of the vacant Finch Road Animal Services facility and reduced revenue due to changes in the 12th Street Parking Garage Maintenance and Operations Agreement. The increase will be funded by General Fund fund balance.

Efficient Delivery of Public Services

General Services Agency:

\$2,200 increase - commercial insurance and pest control cost increases for the 12th Street Office building funded through the normal billing process of the three building partners (Stanislaus County, StanCERA and Westland Development Corporation).

Strategic Business Technology:

Request to transfer \$57,521 from Services and Supplies to Fixed Assets to purchase Communication equipment (\$42,521) and an additional server (\$15,000).

RECOMMENDED STAFFING CHANGES

TOTAL CURRENT AUTHORIZED POSITIONS AT MID-YEAR 2011-2012	3,724
Separate agenda item on 03/06/12 for StanCERA to add one new position	1
Total full-time allocated positions	3,725
Restore Unfunded Positions at Third Quarter	4
RECOMMENDED AUTHORIZED POSITIONS FOR THIRD QUARTER 2011-2012	3,729

Looking Forward

- Some modest signs of improvement in Discretionary Revenue.
- The General Fund continues to experience a significant structural budget deficit (gap between revenue and expenditures) with projections of that gap ranging as high as \$19 million for 2013-2014.
- The Board of Supervisors has committed to the use of over \$50 million of reserves to maintain critical services during this financial downturn since 2009.

Looking Forward

Proposed Use of Reserves as part of the multi-year General Fund Budget Strategy:

- 2009-2010: \$4.5 million from the Tax Loss Reserve Fund
- 2010-2011: \$11 million (\$8 million of General Fund reserves + \$3 million from Economic Development Bank reserves)

Looking Forward

Proposed Use of Reserves as part of the multi-year General Fund Budget Strategy:

- 2011-2012: \$14.2 million (\$8 million of General Fund reserves + \$6.2 million StanCERA employer rate subsidy)
- 2012-2013: \$9.2 million from Teeter Assignment
- 2013-2014: \$9.2 million from Teeter Assignment
- 2014-2015: \$2.0 million from Retirement Designation. 2014-2015 will be the first year of the Pension Obligation Bond payoff.

Looking Forward

Achieving a balanced General Fund Budget moving forward will require:

- Reducing costs to meet annual revenues.
- Containing county match exposure in Health and Human Services Programs.
- Successful completion of negotiations with remaining Labor groups.
- Gradual implementation of actuarial assumption changes in Retirement system.
- Continued improvement in Discretionary Revenue receipts.

Proposed Budget Calendar

May 25, 2012

Proposed Budget Available
to the Public.

June 5-7, 2012

Proposed Budget
Presentation and Public
Hearing to the Board of
Supervisors

The screenshot shows the Stanislaus County website interface. At the top, there are navigation tabs for HOME, VISITORS, DOING BUSINESS, COUNTY SERVICES, and ONLINE SERVICES. Below these is a search bar with a 'Go' button and a 'Shortcut Menu' dropdown. The main header features the Stanislaus County logo and a search bar. A left sidebar contains a navigation menu with items: Departments, Services, County Sites of Interest, Job Opportunities, and Stanislaus County Home. A black arrow points from the 'County Sites of Interest' menu item to a list of links. The list includes: Board Priorities [PDF], County Budget, Capital Projects, Economic Development, Education and Training, GIS - Geographical Information Systems, Health & Safety, HIPAA - Health Insurance Portability & Accountability Act, Job Opportunities, and Living and Working. The footer contains copyright information and a list of links: StanCounty Calendar, Board of Supervisors, MYTV, Emergency Preparedness, Newsroom, Privacy Policy, Copyright Information, Disclaimer, and Contact. The Stanislaus County logo is also present in the footer.

HOME VISITORS DOING BUSINESS COUNTY SERVICES ONLINE SERVICES

Stanislaus County Search... Go Shortcut Menu Go

STANISLAUS COUNTY

Departments

Services

County Sites of Interest

Job Opportunities

Stanislaus County Home

Stanislaus County Sites of Interest

- [Board Priorities \[PDF\]](#)
- [County Budget](#)
- [Capital Projects](#)
- [Economic Development](#)
- [Education and Training](#)
- [GIS - Geographical Information Systems](#)
- [Health & Safety](#)
- [HIPAA - Health Insurance Portability & Accountability Act](#)
- [Job Opportunities](#)
- [Living and Working](#)

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Stanislaus County

35

STAFF RECOMMENDATIONS

1. Accept the Chief Executive Officer's Third Quarter Financial Report for Fiscal Year 2011-2012.
2. Authorize the Chief Executive Officer and the Auditor-Controller to make the necessary adjustments as recommended in the Third Quarter Financial Report.

STAFF RECOMMENDATIONS

3. Authorize the transfer of \$1,737,857 from the Mandated County Match contingency account as recommended in the Third Quarter Financial Report by a 4/5 vote of the Board of Supervisors.

4. Authorize the Auditor-Controller to process prior year invoices from Behavioral Health and Recovery Services to Stanislaus County Office of Education.

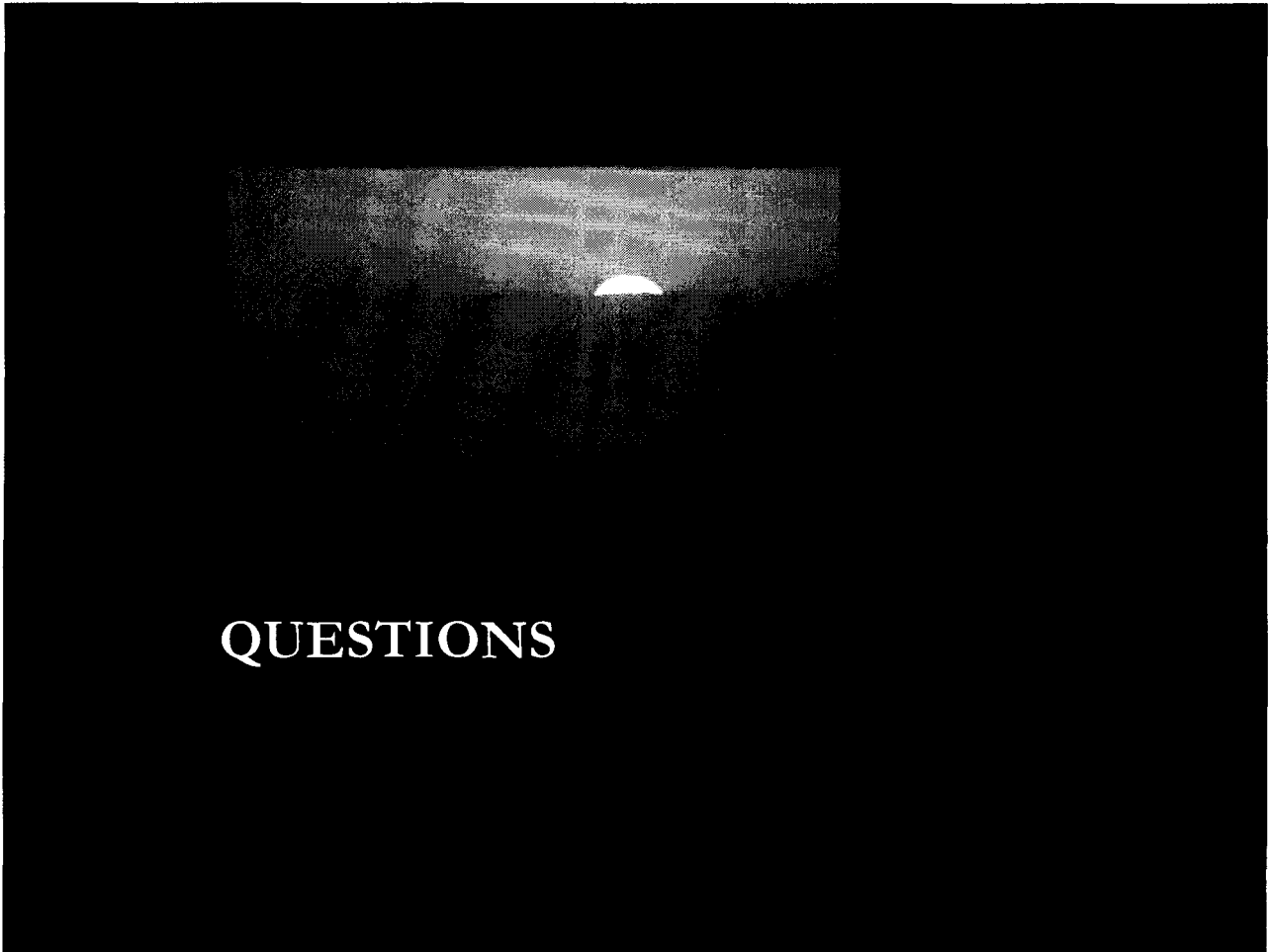
STAFF RECOMMENDATIONS

5. Amend the Salary and Position Allocation Resolution to reflect the recommendations included as part of the Third Quarter Financial Report, as outlined in the Staffing Impacts section and detailed in Attachment B to be effective the start of the May 5, 2012 pay period.

6. Approve contracts and/or agreements listed on Attachment C in cumulative amounts of \$100,000 or greater since July 1, 2009.

STAFF RECOMMENDATIONS

7. Set a public hearing for the consideration and adoption of the Budget Year 2012-2013 Proposed Budget on June 5, 2012 at 9:05 a.m., and continue to June 6, 2012 at 9:00 a.m., and June 7, 2012 at 9:00 a.m., if necessary; direct the Clerk of the Board to advertise the public hearing; and, authorize the Clerk of the Board to make appropriate changes to the public notice if fee increases are proposed as part of the budget process.



NOTICE OF PUBLIC HEARING
STANISLAUS COUNTY
RECOMMENDED PROPOSED BUDGET
BUDGET YEAR 2012-2013

NOTICE IS HEREBY GIVEN that on Tuesday, June 5, 2012, at 9:05 a.m., or as soon thereafter as the matter may be heard, the Stanislaus County Board of Supervisors will meet in the Basement Chambers, 1010 10th Street, Modesto, CA, to open the hearing and consider the approval of the Recommended Proposed Budget, Budget Year 2012-2013. If necessary, the hearing for the Recommended Proposed Budget may be continued to June 6, 2012 and June 7, 2012 at 9:00 a.m. for further staff and public comment.

ADDITIONAL NOTICE IS GIVEN that on May 25, 2012, at 3:00 p.m., the Recommended Proposed Budget document will be available for review online at <http://www.stancounty.com/budget/index.shtm> and at the Chief Executive Office, 1010 10th St., Suite 6800, Modesto, CA. In addition, the Recommended Proposed Budget document will be available for review at all the Stanislaus County branch libraries after May 26, 2012.

NOTICE IS FURTHER GIVEN that at the said time and place, interested persons will be given the opportunity to be heard. For further information, contact Patricia Hill Thomas or Stan Risen, Stanislaus County Chief Executive Office, (209) 525-6333 or at 1010 10th Street, Suite 6800, Modesto, CA.

BY ORDER OF THE BOARD OF SUPERVISORS

DATED: May 1, 2012

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
of the Board of Supervisors
of the County of Stanislaus,
State of California

BY:


Elizabeth A. King, Assistant Clerk of the Board

**DECLARATION OF PUBLICATION
(C.C.P. S2015.5)**

**COUNTY OF STANISLAUS
STATE OF CALIFORNIA**

I am a citizen of the United States and a resident Of the County aforesaid; I am over the age of Eighteen years, and not a party to or interested In the above entitle matter. I am a printer and Principal clerk of the publisher of **THE MODESTO BEE**, printed in the City of **MODESTO**, County of **STANISLAUS**, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of **STANISLAUS**, State of California, Under the date of **February 25, 1951, Action No. 46453**; that the notice of which the annexed is a printed copy, has been published in each issue there of on the following dates, to wit:

May 25, 2012

NOTICE OF PUBLIC HEARING
STANISLAUS COUNTY
RECOMMENDED PROPOSED
BUDGET
BUDGET YEAR 2012-2013

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I certify (or declare) under penalty of perjury That the foregoing is true and correct and that This declaration was executed at

MODESTO, California on

May 25th, 2012

(By Electronic Facsimile Signature)

