

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

DEPT: Chief Executive Office

BOARD AGENDA # B-3

Urgent Routine

AGENDA DATE March 11, 2014

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Consideration and Approval of the Mid-Year Financial Report for Fiscal Year 2013-2014 and Related Actions

STAFF RECOMMENDATIONS:

1. Accept the Chief Executive Officer's Mid-Year Financial Report for Fiscal Year 2013-2014.
2. Authorize the Chief Executive Officer and the Auditor-Controller to make the necessary adjustments as recommended in the Mid-Year Financial Report.
3. Authorize the use of \$822,000 in Appropriations for Contingencies as recommended in the Mid-Year Financial Report by 4/5 vote of the Board of Supervisors.

(Continued on Page 2)

FISCAL IMPACT:

The 2013-2014 Adopted Final Budget was balanced at \$1,042,987,731 and used the combination of \$1,005,839,769 in estimated revenue (which includes \$21,903,017 in revenue from the General Fund to non-General Fund departments) and \$37,147,962 in fund balance and one-time funding sources. 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 and adjustments approved by the Board including the First Quarter Financial Report and various agenda items.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2014-111

On motion of Supervisor Chiesa, Seconded by Supervisor Withrow
and approved by the following vote,

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

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS: (Continued)

4. Declare the intent to use the Board's authority under Public Contract Code Section 22031 to allow County workforce to perform work on the following projects: Charles Street (\$100,000) and Sperry Road (\$125,000).
5. Amend the Salary and Position Allocation Resolution to reflect the recommendations included as part of the Mid-Year Financial Report, as outlined in the Staffing Impacts section of this report and detailed in Attachment B to be effective the start of the March 22, 2014 pay period, or as otherwise noted.
6. Approve contracts and/or agreements listed on Attachment C in cumulative amounts of \$100,000 or greater since July 1, 2011.

FISCAL IMPACT: (Continued)

The Operating Budget at the Mid-Year point is \$1,083,367,043, funded with \$1,010,462,029 in estimated revenue (which includes \$21,903,017 in revenue from the General Fund to non-General Fund departments) and \$72,905,014 in fund balance and one-time funding sources. The use of fund balance includes \$23,398,163 of prior year appropriations and \$14,762,332 of Net County Cost Carryover savings. The balance is funded with one-time funding sources.

The Mid-Year Financial Report includes an overall appropriation increase to the Operating Budget, for all funds, of \$446,559. The report further recommends \$642,590 in increased departmental revenue, resulting in an increase of \$196,031 to fund balance/retained earnings. In the General Fund, Discretionary Revenue estimates are recommended to be increased by \$3,986,091.

The report includes a recommendation of \$822,000 to be transferred from Appropriations for Contingencies to fully fund the County's obligation to the North McHenry Revenue Sharing Agreement with the City of Modesto. This action requires a four-fifths vote by the Board of Supervisors. If approved, a balance of \$3,521,164 will remain in the Appropriations for Contingencies budget.

The chart below illustrates the recommended Mid-Year Adjustments by fund type.

**2013-2014 MID-YEAR BUDGET
 RECOMMENDED APPROPRIATION ADJUSTMENTS**

Department	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Services Funds	Total Recommended 2013-2014 Mid-Year Budget Adjustments
Behavioral Health and Recovery Services	\$ -	\$ 190,000	\$ -	\$ -	\$ -	\$ 190,000
CEO - Appropriations for Contingencies	(822,000)					(822,000)
CEO - General Fund Contributions to Other Programs	741,369	-	-	-	-	741,369
CEO - General Fund Match - Vehicle License Fee	1,287,074	-	-	-	-	1,287,074
CEO - Risk Management Self-Insurance Funds	-	-	-	-	89,000	89,000
Child Support Services	-	(189,590)	-	-	-	(189,590)
Community Services Agency	-	2,059,856	-	-	-	2,059,856
District Attorney	61,910	(89,914)				(28,004)
Environmental Resources	-	42,907	-	-	-	42,907
Health Services Agency	-	358,665	-	(5,000,000)	-	(4,643,335)
Library	-	387,123	-	-	-	387,123
Probation	-	120,000	-	-	-	120,000
Public Works	-	665,000	-	-	40,000	705,000
Sheriff	467,159	40,000	-	-	-	507,159
Totals by Fund	\$ 1,735,512	\$ 3,582,047	\$ -	\$ (5,000,000)	\$ 129,000	\$ 446,559

Following is a brief description of recommended Mid-Year Adjustments and funding source by fund type.

General Fund

The General Fund recommended Mid-Year budget for Fiscal Year 2013-2014 is \$275,650,640, an increase of \$1,735,512 from the 2013-2014 Mid-Year Operating Budget.

Factors increasing or decreasing the General Fund include:

- An increase of \$822,000 in the CEO-General Fund Contributions to Other Programs budget to fully fund the County's obligation under the North McHenry Revenue Sharing Agreement with the City of Modesto, to be funded by the use of \$822,000 in Appropriations for Contingencies and a decrease of \$80,631 to adjust the Health Services Agency deficit repayment to the actual interest earned on the 2002 Tobacco Securitization fund;
- An increase of \$1,287,074 in the CEO-General Fund Match Vehicle License Fee (VLF) budget due to the increase of VLF realignment revenue to distribute to County Public Health, Mental Health, and Social Services programs;
- An increase for the District Attorney of \$61,910 to fund two existing criminal investigators for the remainder of the fiscal year, to be funded from the General Fund;

- The Sheriff's Department is requesting an increase in appropriations of \$202,159 in the Sheriff-Contract Cities budget, funded with additional funding from the Board of State Community Corrections and additional grant funds to fund Sobriety Checkpoint, and Selective Traffic Enforcement programs in the Cities of Riverbank and Hughson; and an increase of \$265,000 in salaries and benefits in the Sheriff-Operations budget, funded by additional funding received from the Public Administrator's Office.

Recommended actions included in the Mid-Year Budget will add \$4,727,695 to the unassigned fund balance due to General Fund cost savings of \$741,604 and Discretionary Revenue increase of \$3,986,091. The Operating Budget for the General Fund has increased by \$4,136,544 since the adoption of the Final Budget. Included in this increase is the \$4 million transfer to the SB 1022 Adult Local Criminal Justice Facilities Capital Project required to demonstrate the County's readiness to proceed with the project, consistent with the funding preference criteria. The addition of \$1,331,973 in the unassigned fund balance as a result of a deferred revenue technical correction will be returned to the Probation and Sheriff's Departments.

Special Revenue Funds

The Special Revenue Fund recommended Mid-Year budget for Fiscal Year 2013-2014 is \$644,551,864, an increase of \$3,582,047 from the 2013-2014 Mid-Year Operating Budget.

The recommended increase in the Special Revenue Fund is primarily due to increases in the Community Services Agency, Library, and Public Works.

- The Community Services Agency (CSA) has received \$2,054,856 of 1991 Realignment growth funds earned in prior fiscal years in various CSA programs and recommend to transfer these growth funds to the County General Fund;
- An increase of \$387,123 in the Library budget is requested for employee health benefits, the expansion of library books and multilingual materials, and to increase literacy services, which will be offset by an increase in prior year sales tax collections, additional State funding and revenue received from the sale of a used van;
- Public Works is requesting an increase of \$665,000 in the Road and Bridge budget for increased paving performed, funded by existing Local Transportation Funds (LTF) and PG&E mitigation funds.

Other budget adjustments recommended in the Special Revenue Fund include:

- An increase of \$190,000 in the Behavioral Health and Recovery Services – Alcohol and Drug budget for perinatal and alcohol and drug services to youth and their families, funded by \$30,000 from Drug Medi-Cal and the use of \$160,000 of departmental fund balance;
- An increase of \$5,000 in the CSA-County Children's Fund for training on impacts of abuse, neglect and violence on brain development, funded by departmental fund balance;
- A decrease of \$189,590 in appropriations and estimated revenue in the Child Support Services budget due to discontinuing a federally funded Plan of

Cooperation with the District Attorney's office for one Criminal Investigator, and a reduction in the County's allocation to fund a Memorandum of Understanding (MOU) with the State Department of Child Support Services and the County of Alameda for call center services;

- A net decrease in appropriations of \$89,914 in the District Attorney's office due to various changes in grant funding awards and other program transactions;
- An increase of \$30,000 in the Environmental Resources-Disclosure Program budget for the implementation of the new California Electronic Reporting System, funded by the use of departmental fund balance and an increase of \$12,907 in the Used Oil Recycling budget for public education and used oil filter recycling related activities, funded by additional revenue received from recycled oil;
- An increase of \$356,665 in the Health Services Agency (HSA)-Indigent Health Care Program due to realignment growth earned in prior years;
- An increase of \$120,000 in the Probation-Corrections Performance Incentive Fund to cover the 1% salary restoration and increased health benefit costs, funded by additional revenue received; and
- An increase of \$40,000 in the Sheriff-Civil Process Fee budget to fund needed equipment, funded by revenue received that was anticipated to fall into Fund Balance at year-end.

Capital Projects Funds

The Capital Projects Fund recommended Mid-Year budget for Fiscal Year 2013-2014 is \$1,181,898, and represents no change from the current Operating Budget.

Enterprise Funds

The Enterprise Fund recommended Mid-Year budget for Fiscal Year 2013-2014 is \$68,468,395, a decrease of \$5 million from the 2013-2014 Mid-Year Operating Budget.

The recommended decrease in the Enterprise Fund is due to the decrease of \$5 million in the Health Services Agency (HSA)-Clinics and Ancillary Services budget due to the reduction in revenue caused by a reduction in contracted medical services, pharmaceuticals, salary costs due to vacant positions, fewer patient visits, and the closure of the Pharmacy.

Internal Service Funds

The Internal Service Fund recommended Mid-Year budget for Fiscal Year 2013-2014 is \$93,960,805, an increase of \$129,000 from the 2013-2014 Mid-Year Operating Budget.

The recommended increase in the Internal Service fund includes:

- An increase in appropriations of \$89,000 in the CEO-Risk Management Self-Insurance Funds for additional Deferred Compensation and staffing costs, funded by additional revenue from medical insurance administrative fees and additional revenue from the administrative agreement with Mass Mutual, and to fully fund vision claims through the end of the fiscal year, funded by the used of departmental retained earnings.

- An increase in appropriations of \$40,000 in the Public Works-Morgan Shop budget is recommended for the purchase of a Compressed Natural Gas vehicle, funded by a \$20,000 grant from the San Joaquin Valley Air Pollution Control District and the use of \$20,000 of departmental retained earnings.

The following table depicts the recommended adjustments by fund type:

Summary of Mid-Year Adjustments by Fund				
Fund Type	Adopted Final Budget 2013-2014	Mid-Year Operating Budget 2013-2014	Recommended Mid-Year Adjustments	Recommended Mid- Year Budget 2013-2014
General Fund	\$ 256,601,294	\$ 273,915,128	\$ 1,735,512	\$ 275,650,640
Special Revenue Funds	627,635,853	640,969,817	3,582,047	644,551,864
Capital Projects Funds	731,898	1,181,898	-	1,181,898
Enterprise Funds	67,174,904	73,468,395	(5,000,000)	68,468,395
Internal Service Funds	90,843,782	93,831,805	129,000	93,960,805
Total	\$ 1,042,987,731	\$ 1,083,367,043	\$ 446,559	\$ 1,083,813,602

Fund Balance

On July 1, 2013, the beginning Fund Balance for all funds was \$377,451,995. The current approved operating budget includes the use of \$72,905,014 in fund balance/retained earnings. The use of fund balance includes \$23,398,163 of prior year appropriations and \$14,762,332 of Net County Cost Carryover savings. The balance is funded with one-time funding sources. If approved, the Mid-Year recommendations will decrease the use of fund balance in all funds by \$196,031. As a result of these recommendations and previous Board actions, the ending fund balance for all funds is projected to be \$304,743,012.

The following table illustrates the Fund Balance by fund type:

Summary of Fund Balance by Fund Type					
Fund Type	Beginning Fund Balance on 7/1/2013	Legal Budget Revenue on 12/31/2013	Legal Budget Appropriations on 12/31/2013	Mid-Year Recommendation Use of Fund Balance	Projected Fund Balance on 6/30/2014
General Fund	\$ 134,437,454	\$ 237,370,534	\$ 273,915,128	\$ (4,727,695)	\$ 102,620,555
Special Revenue Fund	199,752,088	618,262,261	640,969,817	4,461,664	172,582,868
Capital Projects Fund	5,394,382	1,096,000	1,181,898	-	5,308,484
Enterprise Fund	24,557,167	62,462,597	73,468,395	-	13,551,369
Internal Service Fund	13,310,904	91,270,637	93,831,805	70,000	10,679,736
Total	\$ 377,451,995	\$ 1,010,462,029	\$ 1,083,367,043	\$ (196,031)	\$ 304,743,012

DISCUSSION:

The primary focus of the Mid-Year Financial Report is to provide an update on the current status of the County budget, as well as project the financial condition of the County through the end of the fiscal year. Included in this Mid-Year report are discussions about recommended budget adjustments and significant budget challenges.

Summary of Adopted Final Budget

The Adopted Final Budget approved on September 10, 2013 totaled \$1.043 million, and reflected an increase of approximately \$59 million for all funds as compared to the 2012-2013 Adopted Final Budget of \$984 million. The General Fund totaled \$256.6 million, which was a 1% decrease from the 2012-2013 Adopted Final Budget of \$258.7 million. Discretionary revenue increased by \$9 million when compared to the Fiscal Year 2012-2013 Final Adopted Budget.

Included in departmental recommendations was the use of \$14,762,332 in 2013-2014 General Fund fund balance for departments, for the Net County Cost Savings Program. This amount reflects departmental net county cost savings from Fiscal Year 2012-2013 and the three prior fiscal years. The net county cost savings program will remain the same in Fiscal Year 2013-2014, allowing departments to carry over 75% of any year-end savings from the 2013-2014 Fiscal Year.

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 and adjustments approved by the Board through the First Quarter Financial Report and various agenda items. As a result of these adjustments made prior to the mid-year review, the Operating Budget is \$1,083,367,043, funded with \$1,010,462,029 in estimated revenue (which includes \$21,903,017 in revenue from the General Fund to

non General Fund departments) and \$72,905,014 in fund balance and one-time funding source.

Summary of Recommended Mid-Year Adjustments

The 2013-2014 Mid-Year Financial Report reflects recommended adjustments and a fiscal review of department budgets. Overall, departments are requesting an increase in appropriations of \$446,559 and an increase in estimated revenue of \$642,590, resulting in an overall decrease in the use of fund balance/retained earnings in all funds of \$196,031.

Summary of Recommended Mid-Year Adjustments by Board Priority

The following table illustrates the recommended mid-year adjustments by priority area. A more detailed explanation is included in the Mid-Year 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	2013-2014 Recommended Adjusted Budget
Adopted Final Budget	\$189,403,998	\$505,565,716	\$27,551,362	\$5,395,918	\$134,084,966	\$180,985,771	\$1,042,987,731
Legal Budget Adjustments Through Mid-Year Review	\$3,333,604	\$5,885,095	\$579,302	\$32,216	\$12,650,969	\$17,898,125	\$40,379,312
Recommended Mid-Year Adjustments	\$599,155	(\$2,583,069)	\$387,123	\$0	\$747,907	\$1,295,443	\$446,559
Total Recommended Mid-Year Appropriations	\$193,336,757	\$508,867,742	\$28,517,787	\$5,428,134	\$147,483,842	\$200,179,339	\$1,083,813,602

Special Districts

As part of the Fiscal Year 2013-2014 Adopted Final Budget, spending plans were estimated and appropriations were approved for the dependent Landscape & Lighting Districts and County Service Areas governed by the Board of Supervisors to allow them to operate in the fiscal year. Mid-year analysis reveals that, due to unexpected repairs 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. Below are the districts governed by the Board of Supervisors requiring an adjustment in the current fiscal year.

Howard/McCracken Landscape & Lighting (LLD): An increase in appropriations of \$2,500 is recommended due to unanticipated landscaping and irrigation equipment repairs. This adjustment is funded by existing fund balance, which has a June 30, 2014 projected fund balance of \$18,742.

County Service Area 10-Salida Drainage: An increase in appropriations of \$48,000 is recommended due to unanticipated neighborhood sidewalk repairs. This increase is funded by existing fund balance, which has a June 30, 2014 projected fund balance of approximately \$315,600.

County Service Area 12-Peach Blossom: An increase in appropriations of \$1,200 is recommended for increased street-sweeping costs. This increase is funded by existing fund balance, which has a June 30, 2014 projected fund balance of approximately \$22,511.

County Service Area 27-Empire: An increase in appropriations of \$5,000 is recommended for increased street-sweeping costs. This increase is funded by existing fund balance, which has a June 30, 2014 projected fund balance of approximately \$7,124.

Additional Issues and Ongoing Challenges

Additional issues and ongoing challenges can be found on pages 12-15 of the Mid-Year Financial Report and they include the following:

Internal Audit: As part of the economic downturn and in response to reductions in General Fund contributions, the Auditor-Controller eliminated its non-mandated Internal Audit function. The County's fiduciary responsibility to its community members remains a high priority. The importance of ensuring strong internal controls are in place throughout the organization has not diminished. The Auditor-Controller and the Chief Executive Office is reviewing the department's ability to restore the Internal Audit function over a several year period beginning with one position in Budget Year 2014-2015. Restoration of one additional position, for a total of two positions, through an additional General Fund contribution may be appropriate to allow the Internal Audit function to immediately begin working with departments on this critical issue.

2014-2015 Budget Process: Budget Year 2014-2015 will be a transition year as the County reviews and updates its multi-year budget strategy. The Net County Cost Savings Program was put into place during the 2009-2010 Mid-Year Financial Report to provide departments "a possible solution to closing the budget shortfall in 2010-2011 and beyond." The program has allowed departments the ability to create capacity not only to deal with further reductions and revenue losses, but to also address increases in retirement charges and other contingencies. However, savings are diminishing across all departments.

CEO Senior Staff is developing a strategy to appropriately fund current levels of service in General Fund budgets once all net county cost savings have been exhausted, while maintaining an incentive program to allow Departments to benefit from continued efficient operations. In order to finalize, evaluate and implement this strategy, the 2014-2015 Proposed Budget in June will be a "roll over" of this year's Adopted Final Budget appropriations minus the net county cost savings carried forward, plus any new budget units added since the adoption of the Final Budget. The Proposed Budget will be an interim spending plan until the Final Budget is adopted in September.

Health and Human Services: The Community Services Agency (CSA) began the Affordable Care Act implementation on October 1, 2013. CSA, Health Services Agency (HSA) and Behavioral Health and Recovery Services (BHRS) have partnered to assist the Medically Indigent Adults (MIA) to enroll in Covered California. Through the first four months of implementation the CSA Regional Call Center (RCC) has experienced a significant increase in call volume and significant hold times with individuals wanting to enroll in the new Medi-Cal. Thus far over 29,000 Stanislaus residents have enrolled in the Medi-Cal Program and it is anticipated that the amount of calls being received by the Call Center will continue. Included in this report is a recommendation to increase staffing to handle the volume of these calls.

Capital Projects: AB 900 Phase II Public Safety Center (PSC) Expansion Project – On February 11, 2014, the Board of Supervisors approved the pre-qualification of design-build teams, and authorized the Project Manager to issue the Requests for Proposals (RFP) for Project One (Maximum Security Housing and Medical/Mental Health Facility), Project Two (Day Reporting Facility), and Project Three (Intake, Release, Transportation). The facilities are scheduled to be completed by the Winter of 2016, with occupation by Spring of 2017. The County has no obligation to immediately operate or staff the new facilities, so long as occupancy commences by March 31, 2017. A phased opening of the AB 900 Phase II PSC Expansion Project will be based on the County's fiscal recovery and the annual appropriations by the Board of Supervisors. General Fund Set-Aside of \$2.0 million in one-time funding, coupled with Community Corrections Plan (CCP) funding of \$3.0 million set aside in the adoption of the 2013-2014 CCP Plan will be instrumental for opening. First full year of operations is projected to be the 2017-2018 Fiscal Year. Actual operational costs will be dependent on the number of beds filled and the annual appropriation by the Board of Supervisors of the Sheriff's Detention budget. The total estimated cost including both sworn/non-sworn staff in today's dollars ranges from \$13.3 million in the Initial Model to \$14.6 million in the Optimal Model.

Self-Insurance Funds: Overall department charges for health insurance increased by approximately 20% beginning January 2014. This included a 22.7% increase for the medical self-insurance program, with no increase in the rates charged for dental and vision insurance. The Medical Self-Insurance budget is currently tracking near original estimates. Initial projections from a January 2014 census indicate that revenue may be down slightly due to a reduction in early retiree numbers and a shift of members from higher-cost plans to lower-cost plans in 2014. However, since the variances are not significant at this point, it is requested that this budget be monitored for the next quarter and recommendations to adjust this budget, if necessary, be included in the Third Quarter Financial Report.

For the 2014 plan year, dental and vision rates did not change. This included a 10% reduction in dental and a 50% reduction in vision rates that occurred in 2013. It is estimated that the Dental Self-Insurance budget will end the year within budget, while the Vision Self-Insurance budget will exceed appropriations. This report includes a request to increase appropriations in the Vision Self-Insurance budget by \$50,000 due to an increased number of claims which will be funded by retained earnings.

Public Defender – Indigent Defense: Similar to the 2012-2013 Fiscal Year, at mid-year the Public Defender - Indigent Defense fund is showing that it will be short approximately \$500,000. The rate of expenditures in the first few months of the fiscal year were similar to last fiscal year at this time, however the expenditures for the month of December have come in lower. At this time it is hard to predict the expenditures for the second half of the year. Staff will continue to monitor this fund and if needed, will bring any additional funding requests back with the Third Quarter Financial Report. Staff continues to explore alternative ways to reduce Indigent Defense costs.

Drought and Water Management: The drought and water management has continued to be a subject of significant discussion. Governor Jerry Brown officially declared a drought emergency on January 17, 2014, and has called on all of the State's 38 million residents to voluntarily cut their water usage by 20%. The State Water Project announced for the first time in its history that it would deliver no water to agencies that serve 750,000 acres of farmland and 25 million people. It is anticipated the federal Central Valley Project will also announce a zero allocation to farmers relying on the canal system to deliver water for crops on the west side of the San Joaquin Valley. It is estimated more than half a million acres of farmland in the valley might be fallowed with a rippling economic effect into packaging, distribution and sales. The County has continued to focus on water policy and to balance the impacts on rural and urban users of water. The County is also creating a Drought Task Force to monitor current conditions and collaborate on the serious drought conditions facing the County. The task force is being coordinated by the Office of Emergency Services.

State Budget Update: On January 9, Governor Jerry Brown released his proposed budget with the most positive fiscal picture seen in years in Sacramento. The Governor proposed funding increases across many programs, but also clearly expressed his desire to decrease the long-term "wall of debt" and to place some savings in the "rainy day fund." The Governor expressed a somewhat cautious fiscal tone in his messaging, including a warning against reliance upon capital gains income which can fluctuate greatly from year-to-year.

The Governor's Budget proposal includes an 8.5% spending increase with total Fiscal Year 2014-15 general fund expenditures of \$106.8 million and \$2.5 billion in total reserves. Of the total reserves funding, \$967 million is proposed for the regular reserve and \$1.6 billion for the Budget Stabilization Account (the existing rainy day fund established by Proposition 58 in 2004). There is \$670 million in new spending to pay for expanded mental health and substance-abuse treatment, nutrition programs and dental services previously approved by the Legislature. Also, the State Budget allocates an additional \$500 million for County jail facilities.

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, 2011 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:

Approval of the recommended actions support the Board's 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 by providing the County's financial status at the mid-point of the fiscal year and making necessary adjustments to remain fiscally responsible throughout the fiscal year.

STAFFING IMPACTS:

The 2013-2014 Mid-Year Financial Report incorporates funding for 3,942 allocated full-time positions. Since the 2013-2014 First Quarter Financial Report, the approved changes resulted in a decrease of 12 positions bringing the total allocation count from 3,935 to 3,923 full-time allocated positions. With the recommendation of 19 additional positions at the 2013-2014 Mid-Year Report, this will bring the total allocation count to 3,942 full-time allocated positions. This is a net increase of seven positions from the 3,935 full-time positions approved in the 2013-2014 First Quarter Financial Report. The Mid-Year recommendations include adding 15 new positions including 10 positions supporting the Affordable Care Act, restoring five unfunded positions, and deleting one vacant position. These positions will be funded by increases in department revenue, revenue generated by the position or through existing department appropriations.

Total Current Authorized Positions as of 2013-2014 First Quarter Financial Report	3,935
October 29, 2013 Separate Board Agenda item: Department of Environmental Resources added one Manager IV position for Water Resources effective November 2, 2013.	+1
January 11, 2014 Health Services Agency: Three positions deleted from the 2013-2014 Final Budget effective January 11, 2014. Three remaining positions to be deleted from Health Services Agency in April 2014.	-3
January 11, 2014/January 18, 2014 Separate Board Agenda item: Health Services Agency—10 positions deleted due to Pharmacy closure.	-10
Total current full-time authorized positions	3,923
Net Changes to the Position Allocation Reflected in the Recommended 2013-2014 Mid-Year Financial Report	19
Total Authorized Positions with Approval of the Recommended 2013-2014 Mid-Year Financial Report	3,942

The Community Services Agency (CSA) is requesting to add 10 new Family Services Specialist II positions to support the increased call volumes and expanded customer base at the Stan WORKs Customer Service Center. CSA is also requesting to add one new Family Services Specialist III position to support the Special Investigations Unit. These 11 total positions will be funded with existing Medi-Cal, CalFresh, or CalWORKs allocations with no impact to the County's General Fund. Behavioral Health and Recovery Services (BHRS) is requesting to add one Mental Health Clinician II position to provide mental health assessments and services to clients. This position will be funded by a combination of Medi-Cal revenue and Mental Health Realignment funds. BHRS is also requesting to add one new Director of Volunteer Services in Mental Health services to facilitate and support the volunteer opportunities with the mental health system. This position will be funded by the Mental Health Services Act. The

Sheriff's Department is requesting to add one new Confidential Assistant II position to act as staff support to Payroll and Human Resources functions and one new Administrative Clerk III position to provide clerical support to the Training division. Both positions will be funded within the department's existing appropriations.

The Auditor-Controller is requesting to restore one unfunded Accounting Technician position and one unfunded Accountant I position and will return at a future budget to unfund vacancies resulting from promotions. The positions will be funded within existing department appropriations. General Services Agency is requesting to restore one unfunded Building Services Supervisor position to provide an intermediate supervisor in the Facilities Maintenance Division. This position will be funded within existing department appropriations. Health Services Agency is requesting to restore one unfunded Assistant Public Health Officer to act as the Medical Director for the California Children Services program. This position will be funded from cost savings from terminated contracts and a combination of Federal, State and County dollars as part of the California Children's Services grant. Health Services Agency is also requesting to restore one unfunded Public Health Nurse II position to provide medical assessments for programs administered by the Community Services Agency (CSA). This position will be funded through CSA. Health Services Agency is further requesting to delete one vacant Account Clerk III position.

Several technical adjustments are also recommended in the Mid-Year Report. It is recommended to delete one unfunded position and to transfer one position between budget units at Health Services Agency. It is also recommended to double-fill one Senior Systems Engineer position at Strategic Business Technology for up to three months to allow for a smooth transition and provide continuity of services for this critical position. The Mid-Year Report also includes a recommendation to conduct five classification studies. Additionally, multiple classification studies were completed since the 2013-2014 First Quarter Financial Report and 18 positions are recommended for reclassification. Two reclassification changes were requested at Mid-Year and are recommended as part of the 2013-2014 Mid-Year Financial Report.

Listed below are the staffing recommendations:

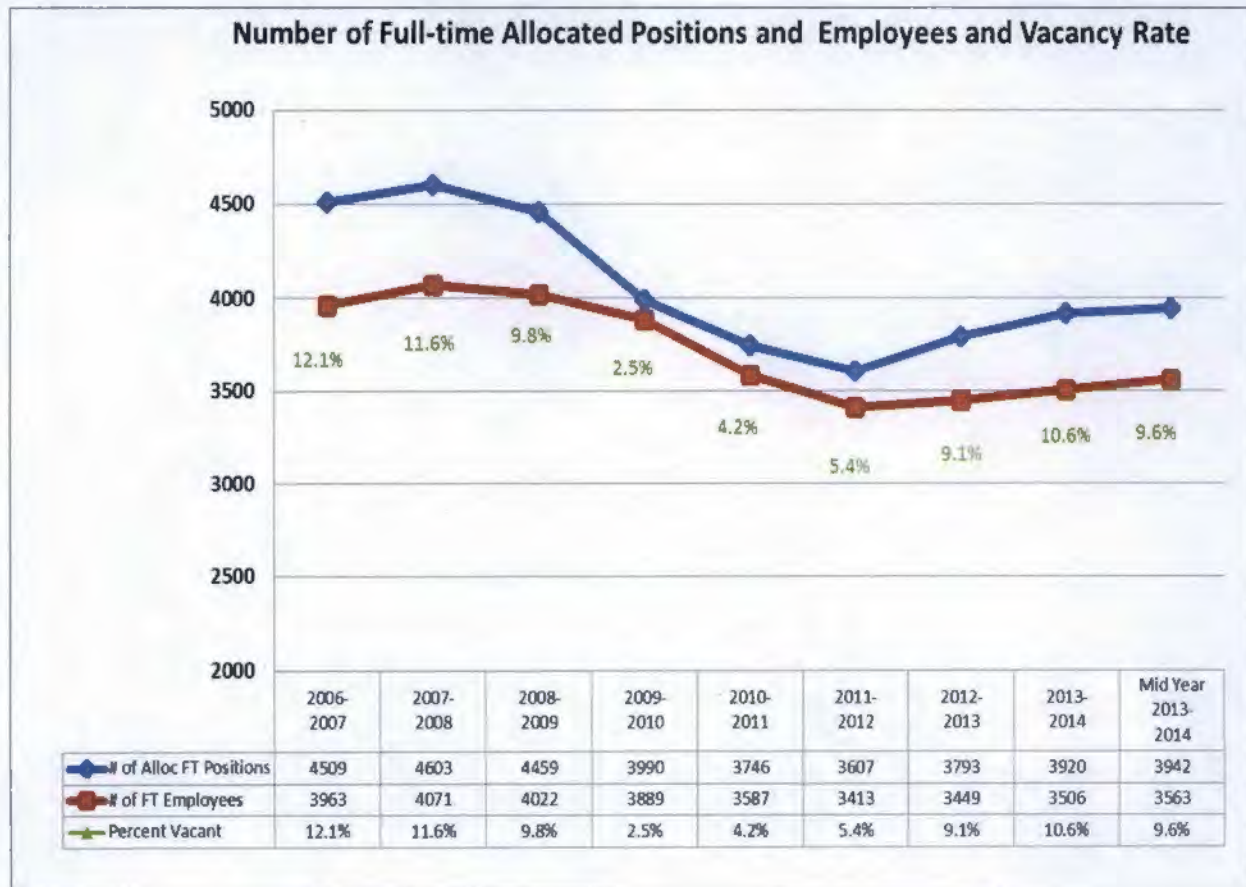
RECOMMENDATIONS AFFECTING POSITION ALLOCATION COUNT

Department	Delete Vacant Position	Restore Unfunded Position	Add New Positions	Subtotal
Auditor-Controller		2		2
Behavioral Health & Recovery Services			2	2
Community Services Agency			11	11
General Services Agency		1		1
Health Services Agency	-1	2		1
Sheriff's Department			2	2
Grand Total	-1	5	15	19

TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION

Department	Transfer In	Transfer Out	Reclassify upward/downward/laterally	Classification Study	Double-fill	Delete unfunded position
Agricultural Commissioner			1			
Alliance Worknet			1			
Animal Services			2			
AAA/Vets			1			
Assessor			1			
Community Services Agency			1	2		
District Attorney			1			
Health Services Agency	1	-1	5	2		1
Public Works			2			
Sheriff's Department			4			
Stanislaus Regional 911			1			
Strategic Business Technology				1	1	
Grand Total	1	-1	20	5	1	1

The graph below illustrates the number of full-time allocated positions, number of employees filling the positions, and the vacancy rate over the last several years.



The staffing attachment (Attachment "B") reflects the changes to authorized positions recommended as part of the Mid-Year Financial Report. It is recommended that the Salary and Position Allocation Resolution be amended to reflect these changes effective the start of the first full pay period beginning March 22, 2014, unless otherwise noted.

CONTACT PERSON:

Stan Risen, Chief Executive Officer. Telephone: (209) 525-6333.

**STAFFING RECOMMENDATIONS
FISCAL YEAR 2013-2014 MID YEAR FINANCIAL REPORT--ATTACHMENT B**

DEPARTMENT	BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Agricultural Commissioner	Agricultural Commissioner	0	790	Systems Engineer II	Reclassify laterally	Software Developer/Analyst III
Alliance Worknet	Alliance Worknet	0	7170	Account Clerk III	Reclassify upward	Accounting Technician
Animal Services	Animal Services	0	11853, 11854	Administrative Clerk II	Reclassify upward	Administrative Clerk III
Area Agency on Aging & Veterans' Services	Area Agency on Aging	0	7074	Social Worker II	Reclassify upward	Staff Services Analyst
Assessor	Assessor	0	8023	Application Specialist III	Block-budget	Application Specialist III-block-budget I/II/III
Auditor-Controller	Auditor-Controller	1	3134	Accounting Technician	Restore unfunded position	Restore position
		1	2198	Accountant I	Restore unfunded position	Restore position
Behavioral Health and Recovery Services	Behavioral Health and Recovery Services	1	NEW	Mental Health Clinician II	Add new position	Mental Health Clinician II-block-budget
	Mental Health Services Act	1	NEW	Director of Volunteer Services	Add new position	Director of Volunteer Services
Community Services Agency	Services and Support	10	NEW	Family Services Specialist II	Add new positions	Family Services Specialist II-block-budget
		1	NEW	Family Services Specialist III	Add new position	Family Services Specialist III
		0	3319	Administrative Clerk II	Reclassify upward	Study
		0	2133	Buyer	Classification study	Study
		0	2991	Confidential Assistant II	Reclassify upward	Confidential Assistant III
District Attorney	Criminal Division	0	8387	Application Specialist III	Reclassify upward	Systems Engineer II-block-budget
General Services Agency	Facilities Maintenance Division	1	6966	Building Services Supervisor	Restore unfunded position	Restore position
Health Services Agency	Administration	-1	1730	Account Clerk III	Delete vacant position	Delete position
		0	3037	Accountant I	Delete unfunded position	Delete unfunded position
		0	2064	Accountant II	Reclassify upward	Accountant III
		0	9879	Manager I	Restore unfunded position	Study
		0	7905	Software Developer/Analyst III	Reclassify upward	Senior Systems Engineer
		0	3130	Confidential Assistant II	Reclassify upward	Confidential Assistant III
		0	664	Administrative Clerk III	Reclassify upward	Confidential Assistant III
	Clinics and Ancillary Services	1	8576	Staff Nurse II	Transfer in	Transfer from Indigent Health Care Program
		0	10157	Staff Services Technician	Reclassify upward	Supervising Account/Administrative Clerk II-block-budget
	Indigent Health Care Program	-1	8576	Staff Nurse II	Transfer out	Transfer to Clinics and Ancillary Services
	Public Health	0	NEW	Public Health Lab Director	Add new position/classification	Study

STAFFING RECOMMENDATIONS
FISCAL YEAR 2013-2014 MID YEAR FINANCIAL REPORT--ATTACHMENT B

DEPARTMENT	BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
		1	10571	Asst Public Health Officer	Restore unfunded position	Restore position
		1	2029	Public Health Nurse II	Restore unfunded position	Restore position
Public Works	Engineering	0	1545, 1649	Senior Civil Engineer	Reclassify upward	Deputy Director of Public Works
Sheriff	Administration	1	NEW	Confidential Assistant II-block budget	Add new position	Confidential Assistant II-block-budget
		0	1804, 8332, 9435, 13072	Confidential Assistant II	Reclassify upward	Confidential Assistant III
	Operations	1	NEW	Administrative Clerk III	Add new position	Administrative Clerk III
Stanislaus Regional 911	Stanislaus Regional 911	0	6217	Software Developer/Analyst III	Reclassify laterally	Systems Engineer II
Strategic Business Technology	Strategic Business Technology	0	856	Software Developer/Analyst III	Classification study	Study
		0	879	Senior Systems Engineer	Double-fill	Double-fill up to 3 months
CHANGES TO POSITION ALLOCATION REPORT		19				
TOTAL CURRENT AUTHORIZED POSITIONS		3,923				
Restore Unfunded Positions		5				
Add New Positions		15				
Delete Vacant Position		-1				
RECOMMENDED AUTHORIZED POSITIONS		3,942				

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

Department	Budget Unit	Contractor	Brief Description of Service Provided or Position Held	Previous contractual amount	Proposed Contract Amount	Cumulative Contract Total
Behavioral Health & Recovery Services	Mental Health	Turning Point Community Programs	On-Site Peer Support and Warmline Services	\$737,192 7/01/11-6/30/14	\$74,814 10/01/13-6/30/14	\$812,006
CEO-Risk Management Division	General Liability Self-Insurance	Curtis Legal Group	Legal Services	\$620,000 7/1/11-6/30/13	\$40,000 7/1/13 - 6/30/14 \$75,000 7/1/13 - 6/30/14 (Contract Increase)	\$735,000
CEO-Risk Management Division	General Liability/ Professional Liability Self-Insurance	Porter, Scott, Wieberg & Delehant	Legal Services	\$880,000 7/1/11-6/30/13	\$760,000 7/1/13 - 6/30/14 \$250,000 7/1/13 - 6/30/14 (Contract Increase)	\$1,890,000
CEO-Risk Management Division	General Liability Self-Insurance	Shute Mihaly & Weinberger	Legal Services	\$290,000 7/1/11-6/30/13	\$275,000 7/1/13 - 6/30/14 \$60,000 7/1/13 - 6/30/14 (Contract Increase)	\$625,000
CEO-Risk Management Division	General Liability Self-Insurance	Hanson Bridgett LLP	Legal Services	\$115,000 7/1/11-6/30/13	\$200,000 7/1/13 - 6/30/14 \$50,000 7/1/13 - 6/30/14 (Contract Increase)	\$365,000
Chief Executive Office	Plant Acquisition, funded through Capital Projects	Wulfsberg, Reese and Colvig (formerly Wulfsberg, Reese and Furstman)	Legal Services	\$1,020,760 7/1/11-6/30/14	\$200,000 7/1/14-12/31/14	\$1,220,760
Community Services Agency	Services & Support	Nirvana	Substance Abuse Treatment and Counseling Services	\$820,000 7/1/11-6/30/13	\$622,000 7/1/13-6/30/14	\$1,442,000
Community Services Agency	Services & Support	San Bernardino County	CIV Lease & Maintenance for Customer Service Center Equipment	N/A	\$2,350,037 6/1/14-10/31/19	\$2,350,037

*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 over \$100,000**

Department	Budget Unit	Contractor	Brief Description of Service Provided or Position Held	Previous contractual amount	Proposed Contract Amount	Cumulative Contract Total
Community Services Agency	Services & Support	San Bernardino County	Production Operation Charges for CIV WAN Administration	N/A	\$324,771 6/1/14-5/31/15	\$324,771
Community Services Agency	Services & Support	San Bernardino County	Lease and Maintenance for CIV 100 Scanners	N/A	\$175,226 6/1/14-10/31/19	\$175,226
Community Services Agency	Services & Support	San Bernardino County	Central Support for CIV Courtesy Callback	N/A	\$73,783 6/1/14-10/31/19	\$73,783
Community Services Agency	Services & Support	Sieber-Benson, Vicki	Ghostwriting	\$76,080 7/1/09-6/30/12	\$33,770 7/1/13-6/30/14	\$109,850
Community Services Agency	Services & Support	Sierra Vista Child and Family Services	Counseling	\$1,010,000 7/1/11-6/30/13	\$550,000 7/1/13-6/30/14	\$1,560,000
Health Services Agency	Clinic & Ancillary	Medical Information Technology, Inc.	Software Support & Maintenance	\$1,376,995 7/1/03-6/30/13	\$26,700 7/1/13-6/30/14	\$1,403,695
Health Services Agency	Clinic & Ancillary	GE Healthcare	Electronic Medical Record Consulting	\$367,540 7/1/11-6/30/13	\$446,584 7/1/13-6/30/14	\$814,124
Health Services Agency	Clinic & Ancillary	Data Systems Group	Electronic Billing Vendor	\$151,934 7/1/11-6/30/13	\$80,460 7/1/13-6/30/14	\$232,394
Library	Library	Stanislaus Literary Center (Now Learning Quest)	Literacy Services partner agency	\$257,742 7/1/11-6/30/13	\$70,000 7/1/13-6/30/14 \$112,269 7/1/13-6/30/14 (Contract Increase)	\$440,011
Planning	Special Revenue Grants	ICF Jones & Stokes	General Plan Update	\$1,008,150 2/9/10-6/30/13	\$64,632 12/19/13-4/30/15 (Contract Increase)	\$1,072,782

*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 over \$100,000**

Department	Budget Unit	Contractor	Brief Description of Service Provided or Position Held	Previous contractual amount	Proposed Contract Amount	Cumulative Contract Total
Probation	Field Services, JABG, LCC, CCP	Center for Human Services	Provide Parent Training for Fathers	\$65,000 7/1/11 - 6/30/12 \$144,250 7/1/12 - 6/30/13	\$68,518 7/1/13 - 6/30/14	\$277,768
Probation	Admin	Dept of Corrections - Youth Authority	Institutional housing for minors placed at Youth Authority	\$16,500 7/1/11 - 6/30/12 \$21,000 7/1/12 - 6/30/13	\$200,000 7/1/13-6/30/14	\$237,500
Public Works	Engineering	Charles Simpson	PSC-provide environmental services	\$55,000 5/3/12-5/2/13	\$100,000 5/3/13-5/2/14	\$155,000
Sheriff	Multiple	3M Cogent Inc DBA Cogent Inc and Cogent Systems Inc	Software Maint/Support	\$262,832 7/01/11-6/30/13	\$619,015 7/1/13-6/30/14	\$881,847

*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 & Recovery Services	Mental Health	4 U I Sign Services, LLC	Interpreting - American Sign	\$31,443 7/01/11-6/30/14	\$20,000 7/01/13-6/30/14	\$51,443
Behavioral Health & Recovery Services	Mental Health	Enedelia Garcia	Parent Advocate	\$44,593 6/20/11-6/30/13	\$30,000 7/1/13-6/30/14	\$74,593
Department of Child Support Services	Department of Child Support Services	Call Center Learning Solutions	Customer Service training for staff	\$0	\$65,000 2/1/14-12/31/14	\$65,000
Environmental Resources	Environmental Resources - Hazmat / Landfill	Envision Connect Software	Software program for Hazmat	\$0	\$92,102 11/21/13 - 11/20/18	\$92,102
Health Services Agency	Clinic & Ancillary	Kryptiq	Software Support & Maintenance	\$47,444 7/1/11-6/30/13	\$30,000 7/1/13-6/30/14	\$77,444
Health Services Agency	Clinic & Ancillary	Citrix	Software Support & Maintenance	\$55,980 7/1/11-6/30/13	\$15,000 7/1/13-6/30/14	\$70,980
Health Services Agency	Clinic & Ancillary	Integrated Archive	Software Support & Maintenance	\$45,046 7/1/11-6/30/13	\$15,934 7/1/13-6/30/14	\$60,980
Probation	Community Corrections Partnership	Stanislaus Literacy Center	Provide GED Readiness courses	\$15,681 7/1/12 - 6/30/13	\$35,904 7/1/13 - 6/30/14	\$51,585
Probation	Community Corrections Partnership	Sierra Education & Counseling Services	Provide Anger Management courses	\$33,000 7/1/12 - 6/30/13	\$44,880 7/1/13 - 6/30/14	\$77,880
Public Works	Road Projects	WGR Southwest, Inc.	Provide environmental consulting services	\$0	\$78,632 12/2/13-12/1/14	\$78,632

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



Mid-Year Financial Report July—December 2013

BOARD OF SUPERVISORS

Jim De Martini, Chairman
William O'Brien
Vito Chiesa
Terry Withrow
Dick Monteith

Submitted by
Chief Executive Officer
Stan Risen

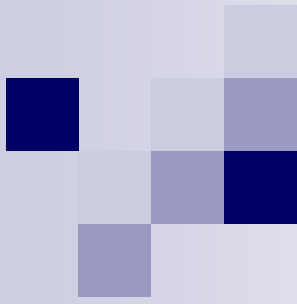



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INTRODUCTION

The following is the Chief Executive Office's Mid-Year Financial Report for the period of July 2013-December 2013 for the 2013-2014 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's financial status at the mid-point of this fiscal year. The report provides estimated 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 2013. The Mid-Year Report also includes a look forward at the significant budget challenges and opportunities facing county and state government.

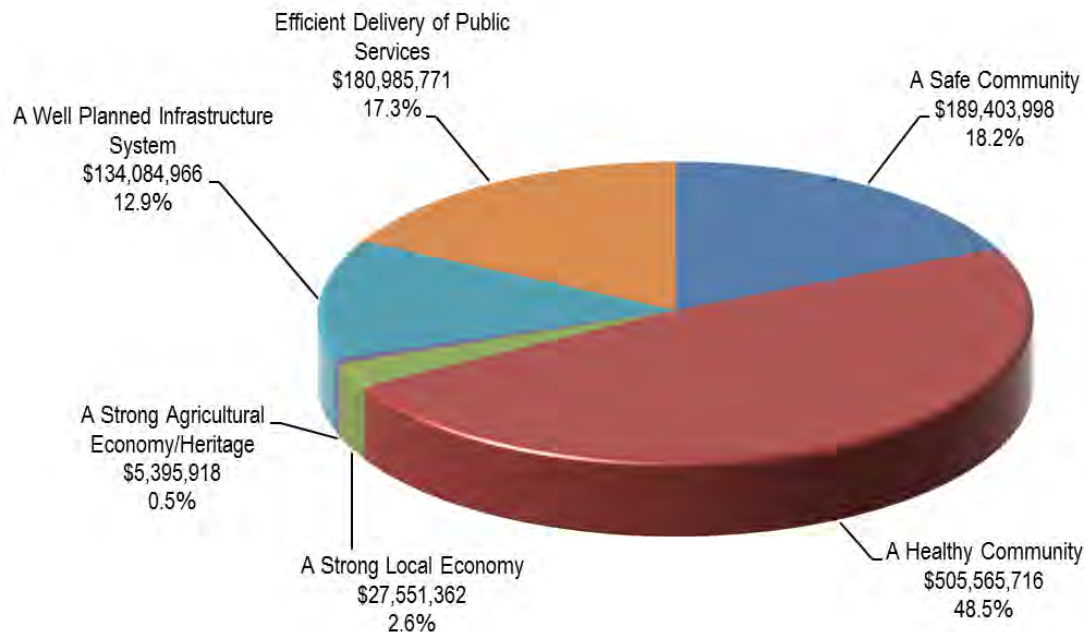
BACKGROUND

On September 10, 2013, the Board of Supervisors adopted the Fiscal Year 2013-2014 Final Budget for Stanislaus County. This spending plan of \$1.043 billion for all funds reflected a 3.2% increase from the 2013-2014 Adopted Proposed Budget of \$1.010 billion and a 6% increase from the 2012-2013 Adopted Final Budget of \$984.2 million. The 6% increase was primarily attributable to several programs not being fully funded in the previous year's Final Budget to meet mandated levels, including the Foster Care/Extended Foster Care and In-Home Supportive Services programs. The 2013-2014 Adopted Final Budget was balanced using a combination of \$1,005,839,769 in estimated revenue (which includes \$21,903,017 in revenue from the General Fund to non General Fund departments) and \$37,147,962 in fund balance and one-time funding sources. It also included funding for 3,920 allocated full-time positions, an increase of 121 positions from the 2012-2013 Adopted Final Budget.

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

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

**Fiscal Year 2013-2014
Final Budget Expenditures
By Board Priority
\$1,042,987,731**



2013-2014 FIRST QUARTER ADJUSTMENTS

The Chief Executive Office's first quarter recommendations included a total increase in estimated revenue of \$404,551 and an increase in appropriations of \$446,953, with an increase in the use of fund balance of \$42,402.

The recommended increases in appropriations and estimated revenue were primarily within Alliance Worknet (\$213,750), the Area Agency on Aging (\$112,009 in estimated revenue and \$154,411 in appropriations) and Community Services Agency (\$64,680); and a decrease in District Attorney (\$54,052). Technical adjustments were also recommended for the Board of Supervisors (\$790), Chief Executive Office (\$40,000) and the Auditor Controller (\$27,374).

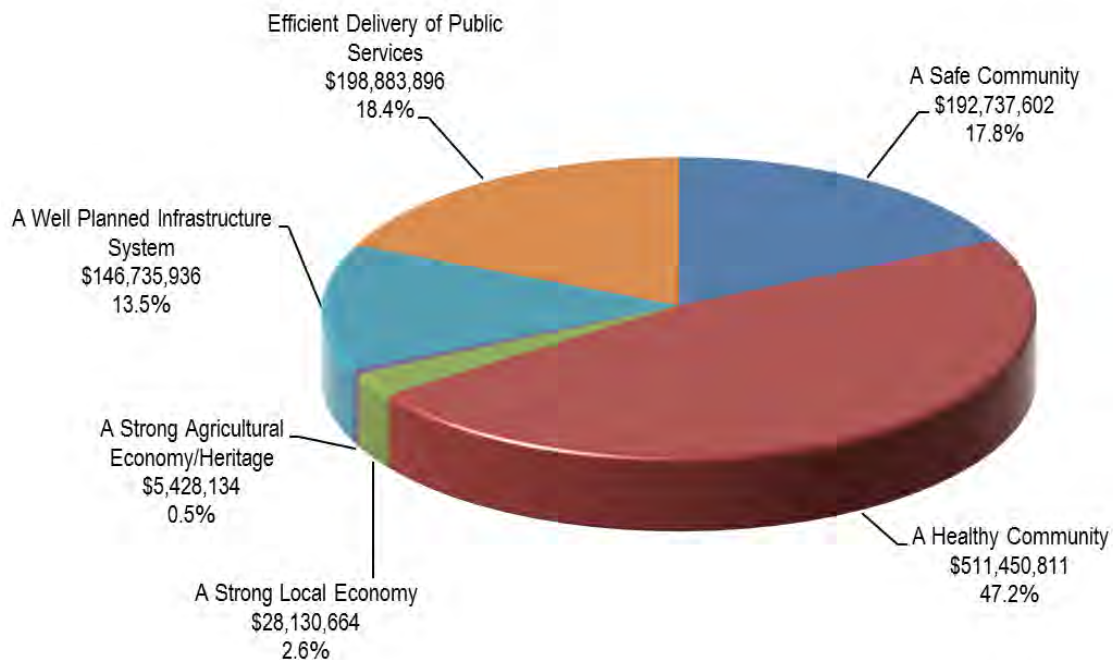
The Alliance Worknet was awarded the Youth Career Technical Education Grant; Area Agency on Aging received one time funding from the California Department of Aging; Veterans' Services received funding from the State for County Veterans Services Offices; Community Services Agency funded a Manager I position for the C-IV Regional Project; and, the District Attorney reduced appropriations and revenue due to final grant award coming in lower than the application amount. The technical adjustments were a change on how the estimated revenue is allocated due to the transfer of Sheriff – Court Security from the General Fund to the Special Revenue Fund and a transfer from Fixed Assets Equipment to Fixed Assets Structures.

SUMMARY OF OTHER ADJUSTMENTS

The Adopted Final Budget is adjusted each year by including appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors, however, not fully completed. Funding for these projects is identified as assigned fund balance by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. Also included in the Adopted Final Budget are any departmental savings that are carried forward into the current fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board of Supervisor action agenda items. The sum of all of these adjustments through December 31, 2013 totals \$40,379,312. This reflects \$23,398,163 of carry forward from the prior fiscal year, \$446,953 in funding that was approved in the First Quarter Financial Report and \$16,534,196 in budget adjustments approved by the Board of Supervisors in the current fiscal year through December 2013.

The following chart reflects the adjusted budget by Board of Supervisors priority as of December 31, 2013:

Fiscal Year 2013-2014 Adjusted Operating Budget Expenditure by Board Priority \$1,083,367,043 as of December 31, 2013



MID-YEAR FINANCIAL REPORT SUMMARY

The 2013-2014 Mid-Year Financial Report reflects a fiscal review of departmental budgets, a cash analysis by fund as of mid-year and recommended adjustments. The Chief Executive Office's Mid-Year recommendations include a total increase in appropriations of \$446,559, and an increase of estimated revenue of \$642,590, which includes the increase in Discretionary Revenue. If approved, the recommendations contained in this report will result in an increase of \$196,031 to fund balance.

Below is a chart of the projected Fund Balance at year-end by fund type.

Summary of Fund Balance by Fund Type					
Fund Type	Beginning Fund Balance on 7/1/2013	Legal Budget Revenue on 12/31/2013	Legal Budget Appropriations on 12/31/2013	Mid-Year Recommendation Use of Fund Balance	Projected Fund Balance on 6/30/2014
General Fund	\$ 134,437,454	\$ 237,370,534	\$ 273,915,128	\$ (4,727,695)	\$ 102,620,555
Special Revenue Fund	199,752,088	618,262,261	640,969,817	4,461,664	172,582,868
Capital Projects Fund	5,394,382	1,096,000	1,181,898	-	5,308,484
Enterprise Fund	24,557,167	62,462,597	73,468,395	-	13,551,369
Internal Service Fund	13,310,904	91,270,637	93,831,805	70,000	10,679,736
Total	\$ 377,451,995	\$ 1,010,462,029	\$ 1,083,367,043	\$ (196,031)	\$ 304,743,012

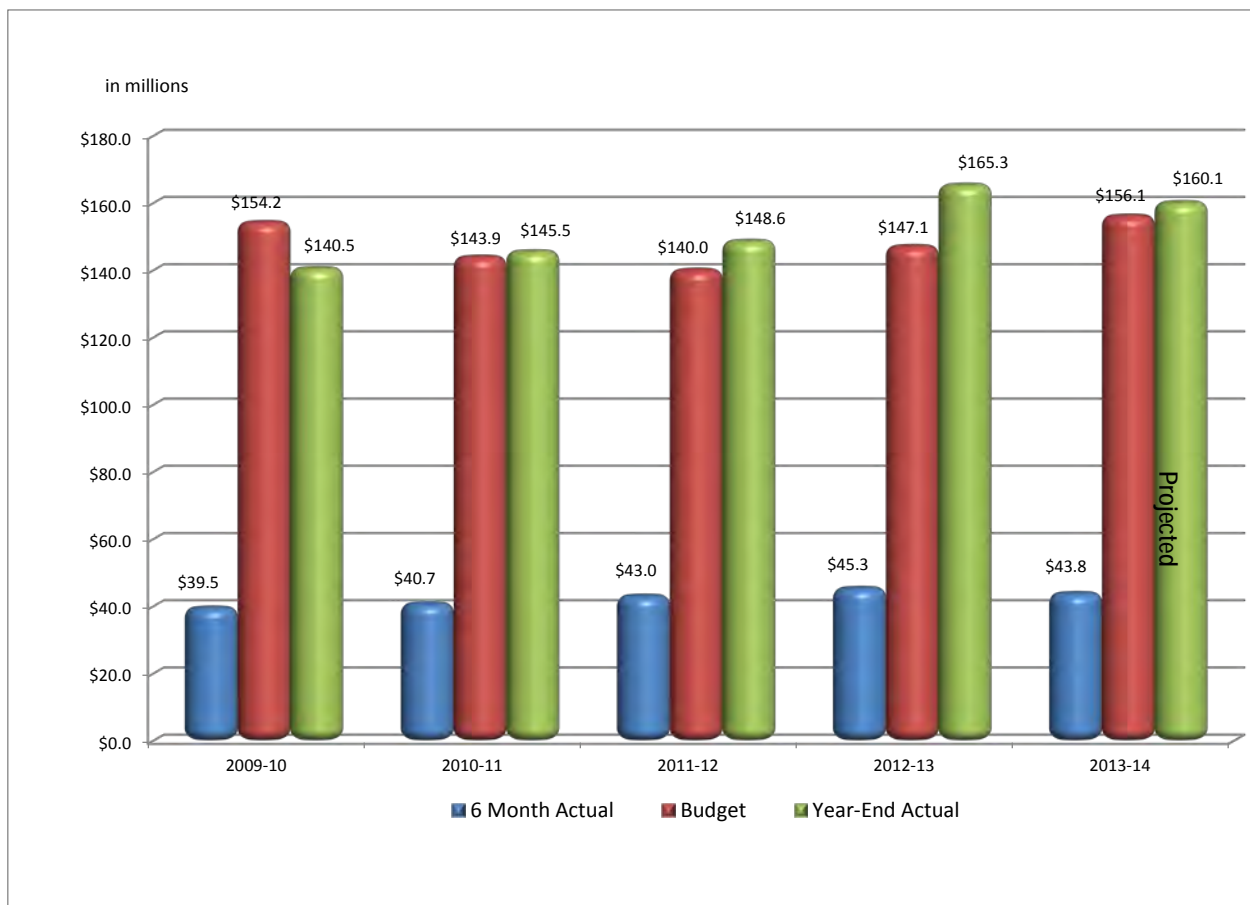
GENERAL FUND UPDATE

Discretionary Revenue

As of December 31, 2013, \$43.8 million was posted to the General Fund discretionary revenue accounts. This amount represents 28.1% of the 2013-2014 Final Budget of \$156.1 million and 27.4% of the actual collections of \$165.3 million in Fiscal Year 2012-2013. For the prior five years, discretionary revenue collected at mid-year year ranged from 25.6% to 30.8% of the final budget and from 27.4% to 28.9% of the year-end actual collections. This comparison indicates that discretionary revenue at mid-year is within the typical range.

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



For a fair comparison, it should be noted in the above chart that the year-end actual revenue for Fiscal Year 2012-2013 included one-time revenue for a total amount of \$11.9 million. Of the total, \$8.4 million was for loan repayment of the property tax monies borrowed by the State for the Supplemental Revenue Augmentation Funds (SRAF) pursuant to Proposition 1A (2004) and \$3.5 million was for dissolution of the Redevelopment District Agencies (RDA). Adjusted for this one-time revenue, Fiscal Year 2012-2013 revenue was \$153.40 million. The projected Fiscal Year 2013-2014 revenue of \$160.1 million compares favorably by about 4% over the prior fiscal year adjusted for the one-time revenue.

The projected \$160.1 million year-end revenue is approximately 3% or about \$4 million higher than the 2013-2014 Adopted Final Budget of \$156.1 million. This is largely due to anticipated moderate revenue increases in secured property taxes, property tax in lieu of vehicle license fees, payments in lieu of sales and use tax, and public safety sales tax. Additionally, various revenue sources are showing stronger than anticipated results through the first six months of the fiscal year. A total increase of \$3.98 million to the budget is requested at this time. Further adjustments may be necessary as year-end approaches and will be addressed during the Third Quarter review.

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

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

The projections for year-end indicate that revenue from the collection of taxes will come in approximately \$1.8 million higher than budgeted. Current secured property tax apportionments as well as property tax received in-lieu of vehicle license fees are projected to be higher than legal budget by \$320,000 and \$419,937 respectively. Sales and use tax revenue is currently projected to be in line with the budget and will be closely monitored as the year progresses. The in-lieu of sales and use tax revenue (also referred to as "Triple Flip") however will exceed budget by \$802,720. Additionally, unexpected one-time revenue of \$315,000 was received for dissolution of the Redevelopment District Agencies (RDA) which is included in the budget adjustment request for this category. Other small adjustments of \$10,000 and \$20,000 are requested for unitary property taxes and RDA pass-through revenue respectively.

The recommendation is to increase the Taxes category by \$1,887,657 to reflect the overall increase projected.

Licenses, Permits and Franchises: Revenue received in this category is the result of franchise agreements with PG&E, AT&T and Comcast and Charter cable companies. Fee revenue is received from AT&T and the cable companies quarterly but the bulk of the revenue comes from PG&E once a year, during the latter half of the County's fiscal year. This revenue account is expected to be close to the prior year actual amount of about \$990,000 and a mid-year budget increase of \$15,000 is requested to reflect this.

Fines, Forfeitures and Penalties: The revenue in this category comes from penalties assessed and costs associated with delinquent property taxes. Typically, most of the revenue is posted in the second half of the fiscal year, and many times not until the year-end close. Last fiscal year (2012-2013), \$5.8 million was posted by year-end, as collections continued from foreclosed properties. A budget of \$3.1 million for the current fiscal year was established based on a trend over the past three years prior to fiscal year 2012-2013 of declining revenue. Actual revenue for last fiscal year (2012-2013) however came in \$1.4 million higher than the year before. As indicated above, this revenue source is difficult to predict so it is prudent to be conservative. The Chief Executive Office will continue to monitor this revenue closely in coming months to determine if a budget adjusted is warranted in the Third Quarter report or next year's budget.

Revenue from Use of Money: Interest earned on the County's pooled cash and collection of rents and leases of County owned property are the sources of revenue in this category. The interest rate earned by funds on deposit in the County treasury is adjusted quarterly and ranged from a high of 1.2% to a low of 0.9% during the previous fiscal year. In comparison, the rate for the first two quarters of Fiscal Year 2013-2014 has ranged from 1.1% to 1.0%. Interest earnings through the two quarters this fiscal year are in line with budget. The only budget adjustment requested in this category is an increase in the amount of \$4,077 for rents.

Intergovernmental Revenue: The main source of revenue in this category is from the one-half cent Sales and Use Tax for local public safety services, also known as Proposition 172. This revenue source supports only the General Fund budgets of the District Attorney, Probation, and Sheriff. Revenues collected by the State Board of Equalization are apportioned to each county based on proportionate shares of statewide taxable sales. The Proposition 172 Allocation from the local Public Safety Fund is up from the prior fiscal year for the first four months of the current fiscal year period ending December 2013 (note: the Prop 172 fiscal year begins in September of each year). Although the current allocation through December is up nearly 8% over same period last year, staff recommends a more conservative approach to increase the 2013-2014 Adopted Final Budget of \$36 million by \$1.5 million, which would be an increase of about 6% over prior fiscal year actual of \$35.5 million.

Other sources of revenue in this category include State realignment dollars, Homeowner's property tax relief revenue, DMV Vehicle License Fee (VLF) in excess and small amounts of Federal Revenue. For the VLF in excess revenue, the recommendation is to decrease the budget by \$39,237 to have the budget reflect this year's actual revenue of \$188,763 already received. Another small adjustment of \$41,289 is requested to reflect federal revenue received in this category. Additionally, a mid-year adjustment for \$505,767 is requested for the SB90 Child Abduction Unit revenue already received which is typically not budgeted. Overall, the recommendation is to increase this revenue category by \$2,007,819.

Charges for Services: Included in this category are revenues resulting from the recovery of the costs associated with the administration of supplemental property tax adjustments (SB 813), adjustments made to the Countywide Cost Applied Plan and revenue received from assessments levied to Williamson Act landowners per the enactment of SB 863. The revenue for the administration of the supplemental property tax adjustments is projected to be in line with the Adopted Final Budget. The SB 863 special assessment revenue is recommended to be maintained at \$1.4 million. No adjustment is needed in the budget for Charges for Services category.

Miscellaneous Revenue: Minor deposits to Miscellaneous Revenue include unclaimed monies, unclaimed estates and cancelled (or stale-dated) warrants. Since amounts and timing of this revenue source is difficult to predict, a minimal amount is typically budgeted in the Proposed and Final budgets. The requested mid-year budget adjustment of \$150,294 will bring the actual revenue received as of December 31, 2013 in line with the budget.

Other Financing Sources: Interest earned on the Tobacco Endowment Fund as well as operating transfers in for the Animal Services debt payment are the only revenue sources expected in this category this year. The only adjustment requested in this category is for a budget reduction of \$78,756 to reflect the actual earnings posted in August on the Endowment Fund.

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

Discretionary Revenue Description	Fiscal Year 2012-2013 Actual	Fiscal Year 2013-2014 Final Budget	Fiscal Year 2013-2014 Projections	Mid-Year Adjustments Recommended
Taxes	\$ 115,165,790	\$ 107,235,192	\$ 109,122,849	\$ 1,887,657
Licenses, Permits & Franchises	987,557	975,000	990,000	15,000
Fines, Forfeitures & Penalties	5,827,385	3,120,000	3,120,000	-
Revenue from Use of Money	2,057,670	2,214,400	2,218,477	4,077
Intergovernmental Revenue	37,675,886	37,781,200	39,789,019	2,007,819
Charges for Services	768,461	1,788,840	1,788,840	-
Miscellaneous Revenues	(129,361)	70,000	220,294	150,294
Other Financing Sources	2,934,338	2,934,355	2,855,599	(78,756)
Total	\$ 165,287,726	\$ 156,118,987	\$ 160,105,078	\$ 3,986,091

Recommended Budget Adjustment: Adjustments to the overall discretionary budget totaling a net increase of \$3,986,091 are recommended at mid-year. As the fiscal year-end approaches and more actual revenue is posted, additional adjustments may be recommended with the Third Quarter Report as necessary.

General Fund – Classification of Fund Balance

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

For the Non-spendable fund balance category, \$2,076,083 is included in the 2013-2014 General Fund Legal Budget appropriations for encumbrance carryover from prior year. As such, the budgeted use of the encumbrance carryover is projected to reduce the ending balance of the Non-spendable category to \$20,409,956 as indicated in the following chart.

Under the Fund Balance – Restricted category, the only restricted account is for tax loss reserve, for which no changes are projected and it will be maintained at \$3,728,477.

In the Committed fund balance category, as detailed in the following chart under the Final Budget strategies and Other adjustments, \$410,631 was released for the Property Tax Administration Fees (“PTAF”) payment made in Fiscal Year 2012-2013 following Board of Supervisors approval on May 7, 2013. As a result, the projected Committed ending fund balance is indicated as \$7,049,569. As this mid-year budget report has an accounting cut-off date of December 31, 2013, it does not reflect the PTAF settlement payment made to the cities following the Board of Supervisors approval on January 14, 2014. The impact of this settlement payment will be a further reduction of this category and the total General Fund by \$2,538,680, which will be reflected in the 2013-2014 Third Quarter report.

For the Fund Balance-Assigned category, assignments made by the Chief Executive Office included increasing Contingencies by \$573,000 in keeping with the General Fund Contingency Reserve Policy. An additional amount of \$73,109 was added to the Contingencies assignment as a post-closing entry for a total increase of \$646,109. Within this category, the 75% Carryover Appropriations account was increased by \$874,591 for the Net County Cost Savings Program and Debt Service was increased by \$1,460,000 for the Debt Service Reserve Policy. Other assignments set up in this category were \$2,000,000 for the Public Safety Center expansion start-up and \$5,027,425 for the 2013 refinancing debt payoff. In the Assigned-Other account a total of \$4,384,546 was released, of which \$384,546 was for the General Services Agency loan repayment as requested in the Adopted Final Budget and \$4,000,000 was for the SB 1022 Adult Local Criminal Justice Facilities Capital Project approved by the Board of Supervisors on October 15, 2013. For the Budget Balancing account, \$5,888,467 was released as result of the Final Budget. Additionally, for the Fund Balance-Assigned category, the 2013-2014 General Fund Legal Budget appropriations include the Carryover appropriations for \$3,439,057, Net County Cost Savings for \$14,762,332 and Budget Balancing assignment for \$11,844,743. As such, the 2013-2014 year-end Assigned fund balance is projected to be \$59,542,941.

The effect of the Final Budget strategies and adjustments mentioned above was a net transfer of \$675,519 to the Unassigned balance, but had no effect to the total General Fund Balance. Fund Balance recommendations for the mid-year budget will add \$4,727,695 to the Unassigned balance due to General Fund cost savings of \$741,604 and Discretionary Revenue increase of \$3,986,091. Additionally, the Operating (or Legal) Budget for the General Fund has increased by \$4,136,544 since the adoption of the Final Budget. Included in this increase is the \$4 million appropriation increase for transfer to SB 1022 Adult Local Criminal Justice Facilities Capital Project. The total of \$4,136,544 is indicated as the budgeted use of

the Unassigned fund balance of General Fund. Also indicated is a use of \$285,835 for the Community Development Bank fund due to the carryover of prior year appropriations. As a result of the Final Budget Strategies and other adjustments, mid-year budget recommendations and budgeted use of fund balance due to prior year appropriations, the total Unassigned ending balance is projected to be \$11,889,612.

In summary, the projected total General Fund 2013-2014 ending balance after the Final Budget strategies and other adjustments, mid-year budget recommendations and budgeted use of fund balance is estimated to be \$102,620,555, which is a net change of \$31,816,899 from the total beginning balance of \$134,437,454.

GENERAL FUND – FUND BALANCE

GENERAL FUND	2013-2014 Beginning Fund Balance	2013-2014 Final Budget Strategies & Other Adjustments	2013-2014 Mid-Year Recommendations	Budgeted Use of Fund Balance	2013-2014 Projected Ending Fund Balance
Fund Balance - Nonspendable:					
Fund 100 - Fair value adjustment	\$ 721,057				\$ 721,057
Fund 105 - Fair value adjustment	2,623				2,623
Imprest Cash	91,835				91,835
Advances to other funds	100,000				100,000
Advances to other governments	372,069				372,069
Economic Development advances	4,021,599				4,021,599
Teeter receivable	14,881,550				14,881,550
Prepaid items	216,186				216,186
Encumbrances (100)	2,076,083			(2,076,083)	-
Encumbrances (107)	3,037				3,037
Total Nonspendable	\$ 22,486,039			\$ (2,076,083)	\$ 20,409,956
Fund Balance - Restricted:					
Tax Loss Reserve	\$ 3,728,477				\$ 3,728,477
Total Restricted	\$ 3,728,477			\$ -	\$ 3,728,477
Fund Balance - Committed:					
Various Programs and Projects	\$ 5,285,387	\$ (410,631)			\$ 4,874,756
Capital Acquisition	2,174,813				2,174,813
Total Committed	\$ 7,460,200	\$ (410,631)		\$ -	\$ 7,049,569
Fund Balance - Assigned:					
Contingencies	\$ 11,674,783	\$ 646,109			\$ 12,320,892
Retirement Obligation	8,800,000				8,800,000
Teeter Plan	18,206,801				18,206,801
Carryover Appropriations (100)	3,439,057			(3,439,057)	-
Carryover Appropriations (107)	282,799				282,799
75% Carryover Appropriations (100)	13,887,741	874,591		(14,762,332)	-
Encumbrances-Econ Development	45,024				45,024
Debt Service	10,950,000	1,460,000			12,410,000
Jail Expansion Start-Up	-	2,000,000			2,000,000
2013 Refinancing Debt Payoff	-	5,027,425			5,027,425
Other	4,834,546	(4,384,546)			450,000
Budget Balancing	17,733,210	(5,888,467)		(11,844,743)	-
Total Assigned	\$ 89,853,961	\$ (264,888)		\$ (30,046,132)	\$ 59,542,941
Fund Balance - Unassigned					
General Fund (100)	\$ 9,272,986	\$ 675,519	\$ 4,727,695	\$ (4,136,544)	\$ 10,539,656
Facility Maintenance (104)	176				176
Economic Development Bank (105)	494,717				494,717
Community Development Bank (107)	1,140,898			(285,835)	855,063
Total Unassigned	\$ 10,908,777	\$ 675,519	\$ 4,727,695	\$ (4,422,379)	\$ 11,889,612
TOTAL FUND BALANCE	\$ 134,437,454	\$ -	\$ 4,727,695	\$ (36,544,594)	\$ 102,620,555

CASH REVIEW

General Fund Overall Cash Position

The beginning cash position for Fiscal Year 2013-2014 increased by \$4.7 million from the beginning of last fiscal year largely due to the Net County Cost carryover savings departments were able to strategically save for future challenges. As of mid-year, the General Fund cash balance is \$62.5 million compared to \$46.8 million for the same period last fiscal year, resulting in an increase of \$15.7 million in cash over last fiscal year. The increase in cash is due primarily to the delay in the reversal of the cash overdraft process in Fiscal Year 2012-2013 and decreased receivables. The cash overdraft process occurs at year-end where the General Fund lends cash to other Governmental Funds that have a negative cash position. Typically this is done earlier in the Fiscal Year, last fiscal year the adjustment was not reversed until March and April 2013.

	2012-2013	2013-2014	Difference
Beginning Balance	\$ 64,558,979	\$ 69,299,172	\$ 4,740,193
Mid-Year	\$ 46,816,106	\$ 62,499,359	\$ 15,683,253

Special Revenue Funds Overall Cash Position

As of mid-year, the Special Revenue Funds cash is at \$111.5 million compared to \$108.7 million for the same period last fiscal year. The following is an explanation of the most significant variances when comparing this time period to the prior year.

- ◆ Behavioral Health and Recovery Services - Managed Care budget reflects a negative cash balance of \$10 million at mid-year, compared to a \$5.7 deficit for the same period last fiscal year. The \$4.3 million variance is primarily due to the substantial increase in psychiatric hospitalizations and an increase in rates paid to hospitals. The Department has sufficient cash in the Behavioral Health Services fund to offset this deficit.
- ◆ The Community Services Agency - Public Economic Assistance budget reflects a positive cash balance of \$6.4 million at mid-year compared to a negative cash balance of \$174,601 for the same period last fiscal year. The variance is due to the timing of a December, 2012 deposit of \$6.3 million that was recorded in January 2013. Had the recording occurred timely, there would be minimal difference in the current and prior year cash balance.
- ◆ The Environmental Resources budget reflects a positive cash balance of \$6.1 million at mid-year compared to a positive cash balance of \$4.5 million for the same period last fiscal year. The \$1.6 million increase is due to the timing of quarterly billings and the deposit of payments received, as well as an increase in prior year realignment revenue for vehicle license fees (VLF).
- ◆ The Health Services Agency - Indigent Health Care Program reflects a negative cash balance of \$8 million as of December 31, 2013, compared to a negative \$2.4 million for the same period last fiscal year. This is due to timing differences in payments to providers. It is anticipated that retroactive payments of \$6.2 million due to the Clinics and Ancillary Division from the State for past fiscal years are expected to materialize this fiscal year and will be utilized to satisfy the balance owed to IHCP. The remainder of the deficit **should** be covered by potential growth funds related to realignment and the remainder of County Match contributions for Fiscal Year 2013-2014.

- ◆ The Library had a significant increase of approximately \$1.2 million, attributed in large part to additional sales tax received.
- ◆ Probation had an overall cash balance of \$7.4 million at mid-year due primarily to the Local Community Corrections fund receiving an increase of \$5.4 million due to the AB 109 Realignment funding received from the State in Fiscal Year 2013-2014 compared to the prior fiscal year and the County receiving \$1.6 million in growth funding in the 2013-2014 Fiscal Year that it had not received previously. In addition, the Youthful Offenders fund received an increase of \$1 million.
- ◆ The Sheriff had a cash balance of \$3.5 million at mid-year, primarily due to the Court Security Fund being moved into the Special Revenue Fund. The Court Security budget was previously included in the General Fund in Fiscal Year 2013-2014.
- ◆ The Public Works Road and Bridge fund experienced a \$2.7 million decrease primarily due to the timing of receipt of State and Federal reimbursement for projects. In addition, the timing of road capital projects and their associated expenditures and revenues creates fluctuation in the cash balance. For Public Facilities Fee (PFF) projects, funds are transferred into the Road fund when contracts are awarded. The current balance contains approximately \$1.8 million of PFF funds transferred in for projects and only partially expended.

Capital Projects Funds Overall Cash Position

As of mid-year, the Capital Projects Funds cash is at \$4.9 million compared to \$6.6 million for the same period last fiscal year. The primary variance is primarily attributable to the \$1.0 million transfer of cash from the Criminal Justice Facilities Fund to fund the a portion of the County's cash match requirement for the AB 900 Phase II Public Safety Center Expansion Project, and in the Criminal Justice Facilities Fund the annual debt payment contribution increased from \$350,000 to \$800,000 due to the debt acceleration for the 2004 Series B Certificate of Participation (COP) refunding approved by the Board of Supervisors in July 2013.

Enterprise Funds Overall Cash Position

As of mid-year, the Enterprise Funds cash is at \$17.2 million compared to \$9.9 million for the same period last fiscal year. The variance is primarily attributable to the receipt of Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) program funds, increased Local Transit Funds, and the timing of the receipt of Local Transportation Funds within the Public Works Local Transit System. Also contributing to the variance was a temporary increase in revenue received for use of the Fink Road Landfill and the timing of the cash transfer from the Geer Road Landfill post-closure fund to cover operating expenses.

Internal Service Funds Overall Cash Position

As of mid-year, the Internal Service Funds cash is at \$34.2 million compared to \$37.6 million for the same period last fiscal year. The primary variance is due to the \$3.2 million cash deficit in the Medical Self-Insurance Fund. The deficit is a result of claim costs exceeding revenue received from medical rates for the last two calendar years. It is anticipated that the cash position of this fund will improve as a result of the 2014 medical rate increases.

CHALLENGES AND OPPORTUNITIES

Internal Audit

As part of the economic downturn and in response to reductions in General Fund contributions, the Auditor-Controller eliminated its non-mandated Internal Audit function. The County's fiduciary responsibility to its community members remains a high priority. The importance of ensuring strong internal controls are in place throughout the organization has not diminished. The Auditor-Controller is reviewing the department's ability to restore the Internal Audit function over a several year period beginning with one position in Budget Year 2014-2015. Restoration of one additional position, for a total of two positions, through an additional General Fund contribution may be appropriate to allow the Internal Audit function to immediately begin working with departments on this critical issue.

Net County Cost Savings

In the 2013-2014 Adopted Final Budget departments that achieved savings in appropriations were able to carry forward 100% of their unused net county cost savings balance from Fiscal Years 2009-2010, 2010-2011 and 2011-2012 and 75% of their 2012-2013 net county cost savings. Prior year savings of \$14,762,332 were added to department budgets as part of the Adopted Final Budget.

Many of the departments have used savings for compensation costs to address the increase in health insurance and retirement charges in 2013-2014 and prior years, as well as the restoration of the 1% of the 6% salary reduction. Departments are also strategically setting aside funds for increases in operational costs in 2014-2015 and beyond, including further anticipated increases in retirement charges due to a change in the discount rate. Department projections indicate these savings are likely to be depleted by the end of the 2014-2015 Budget Year. Staff is closely monitoring the net county cost savings program and will provide policy recommendations on future adjustments to General Fund contributions as part of the 2014-2015 budget process.

General Fund Department	Net County Cost Savings Included in 2013-2014 Final Budget	Department Projection for savings/(use) in 2013-2014	Department Projection Available for 2014-2015
Area Agency on Aging - Veterans' Services	\$ 19,748	\$ (19,748)	\$ -
Agricultural Commissioner	1,066,337	(247,762)	818,575
Assessor	-	-	-
Auditor-Controller	396,371	(50,000)	346,371
Board of Supervisors	123,742	-	123,742
Chief Executive Office	1,999,995	(711,062)	1,288,933
Clerk Recorder	169,729	(169,729)	-
Cooperative Extension	48,227	(42,334)	5,893
County Counsel	-	-	-
District Attorney	570,840	(570,840)	-
Parks and Recreation	544,993	155,543	700,536
Planning and Community Development	403,624	(93,477)	310,147
Probation	1,694,133	(1,243,330)	450,803
Public Defender	240,785	30,584	271,369
Sheriff	6,850,544	(5,505,394)	1,345,150
Treasurer-Tax Collector	633,264	(193,300)	439,964
TOTAL GENERAL FUND SAVINGS	\$ 14,762,332	\$ (8,660,849)	\$ 6,101,483

Health and Human Services

The Community Services Agency (CSA) began the Affordable Care Act implementation on October 1, 2013. CSA, Health Services Agency (HSA) and Behavioral Health and Recovery Services (BHRS) have partnered to assist the Medically Indigent Adults (MIA) to enroll in Covered California. Through the first four months of implementation the CSA Regional Call Center (RCC) has experienced a significant increase in call volume and significant hold times with individuals wanting to enroll in the new Medi-Cal. Thus far over 29,000 Stanislaus residents have enrolled in the Medi-Cal Program and it is anticipated that the amount of calls being received by the Call Center will continue. Future impacts to CSA are several initiatives being implemented statewide that will increase Medi-Cal caseloads. These initiatives are intended to assist families more comprehensively. Included in this report is a recommendation to increase staffing to handle the volume of these calls.

Capital Projects

AB 900 Phase II Public Safety Center (PSC) Expansion Project – On February 11, 2014, the Board of Supervisors approved the pre-qualification of design-build teams, and authorized the Project Manager to issue the Requests for Proposals (RFP) for Project One (Maximum Security Housing and Medical/Mental Health Facility), Project Two (Day Reporting Facility), and Project Three (Intake, Release, Transportation). The facilities are scheduled to be completed by the Winter of 2016, with occupation by Spring of 2017. The County has no obligation to immediately operate or staff the new facilities, so long as occupancy commences by March 31, 2017. A phased opening of the AB 900 Phase II PSC Expansion Project will be based on the County's fiscal recovery and the annual appropriations by the Board of Supervisors. General Fund Set-Aside of \$2.0 million in one-time funding, coupled with Community Corrections Plan (CCP) funding of \$3.0 million set aside in the adoption of the 2013-2014 CCP Plan will be instrumental for opening. First full year of operations is projected to be the 2017-2018 Fiscal Year. Actual operational costs will be dependent on the number of beds filled and the annual appropriation by the Board of Supervisors of the Sheriff's Detention budget. The total estimated cost including both sworn/non-sworn staff in today's dollars ranges from \$13.3 million in the Initial Model to \$14.6 million in the Optimal Model.

Self-Insurance Funds

Overall department charges for health insurance increased by approximately 20% beginning January 2014. This included a 22.7% increase for the medical self-insurance program, with no increase in the rates charged for dental and vision insurance. The Medical Self-Insurance budget is currently tracking near original estimates. Initial projections from a January 2014 census indicate that revenue may be down slightly due to a reduction in early retiree numbers and a shift of members from higher-cost plans to lower-cost plans in 2014. However, since the variances are not significant at this point, it is requested that this budget be monitored for the next quarter and recommendations to adjust this budget, if necessary, be included in the Third Quarter Financial Report.

For the 2014 plan year, dental and vision rates did not change. This included a 10% reduction in dental and a 50% reduction in vision rates that occurred in 2013. It is estimated that the Dental Self-Insurance budget will end the year within budget, while the Vision Self-Insurance budget will exceed appropriations. This report includes a request to increase appropriations in the Vision Self-Insurance budget by \$50,000 due to an increased number of claims which will be funded by retained earnings.

Public Defender – Indigent Defense

Similar to the 2012-2013 Fiscal Year at mid-year, the Public Defender - Indigent Defense fund is showing that it will be short approximately \$500,000. The rate of expenditures in the first few months of the fiscal year were similar to last fiscal year at this time, however the expenditures for the month of December have come in lower. At this time it is hard to predict the expenditures for the second half of the year. Staff will continue to monitor this fund and if needed, will bring any additional funding requests back with the Third Quarter Financial Report. Staff continues to explore alternative ways to reduce Indigent Defense costs.

Drought and Water Management

The drought and water management has continued to be a subject of significant discussion. Governor Jerry Brown officially declared a drought emergency on January 17, 2014, and has called on all of the State's 38 million residents to voluntarily cut their water usage by 20%. The State Water Project announced for the first time in its history that it would deliver no water to agencies that serve 750,000 acres of farmland and 25 million people. It is anticipated the federal Central Valley Project will also announce a zero allocation to farmers relying on the canal system to deliver water for crops on the west side of the San Joaquin Valley. It is estimated more than half a million acres of farmland in the valley might be fallowed with a rippling negative economic effect into packaging, distribution and sales. The County has continued to focus on water policy and to balance the impacts on rural and urban users of water.

The County is also creating a Drought Task Force to monitor current conditions and collaborate on the serious drought conditions facing the County. The task force is being coordinated by the Office of Emergency Services.

State Budget Update

On January 9, Governor Jerry Brown released his proposed budget with the most positive fiscal picture seen in years in Sacramento. The Governor proposed funding increases across many programs, but also clearly expressed his desire to decrease the long-term "wall of debt" and to place some savings in the "rainy day fund." The Governor expressed a somewhat cautious fiscal tone in his messaging, including a warning against reliance upon capital gains income which can fluctuate greatly from year-to-year.

The Governor's Budget proposal includes an 8.5% spending increase with total Fiscal Year 2014-15 general fund expenditures of \$106.8 million and \$2.5 billion in total reserves. Of the total reserves funding, \$967 million is proposed for the regular reserve and \$1.6 billion for the Budget Stabilization Account (the existing rainy day fund established by Proposition 58 in 2004).

Key Highlights:

Financial Strategy

- No cash deferrals to local government or schools
- Reducing the "wall of debt" by directing \$11 billion toward debts and liabilities including a \$6 billion deferred payment to schools and \$4 billion to pay down economic recovery bonds floated during the Schwarzenegger administration.
- The budget also makes the \$1.6 billion payment into the State's rainy day fund, and proposes a constitutional amendment to bolster this rainy day fund through the capture of excess capital gains when they are collected.

Education

- The proposed budget increases spending on kindergarten through high school to \$70 billion, which is a \$10 billion increase.
- Higher education spending would increase by \$1 billion.
- The budget also includes a \$142 million increase for the University of California and California State University systems, and calls for freezing tuition increases and making it easier for students to graduate in four years.

Healthcare

- \$670 million in new spending to pay for expanded mental health and substance-abuse treatment, nutrition programs and dental services previously approved by the Legislature.

Social Services

- Funding for In Home Supportive Services received a 6% increase to now total \$2 billion in the budget.

Public Safety

- Budget allocates an additional \$500 million for County jail facilities.
- The budget assumes the federal courts will give California a two-year extension to meet its population cap.
- If the State does not win an extension, the Governor seeks to spend \$315 million to move prisoners to privately owned facilities. If a delay is granted, he proposes \$81 million for community rehabilitation programs. Since the time of the proposed budget, the Governor has received a two-year extension from the courts giving him until February 28, 2016, to reduce crowding to 137.5% of what the prisons were built to hold.



A Safe Community

COUNTY DEPARTMENTS

CEO-OES/Fire Warden

CEO-Capital Projects

CEO-County Operations

District Attorney

Grand Jury

Integrated Criminal Justice Information System

Probation

Public Defender

Sheriff

A Safe Community

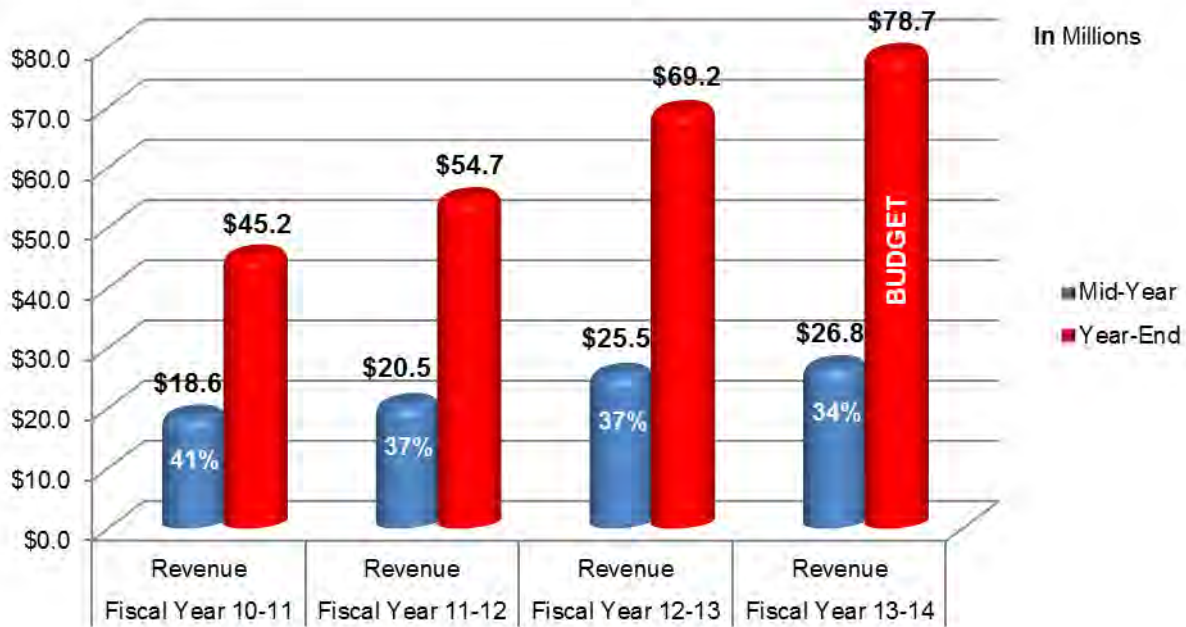
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of December 31, 2013, actual revenue collected is \$26.8 million, which represents 34% of the estimated annual revenue. This is below the range when compared to the mid-year point of the prior three years when collections ranged from 37% to 41% of the final actual revenue due to the timing of receipt of revenue from the State.

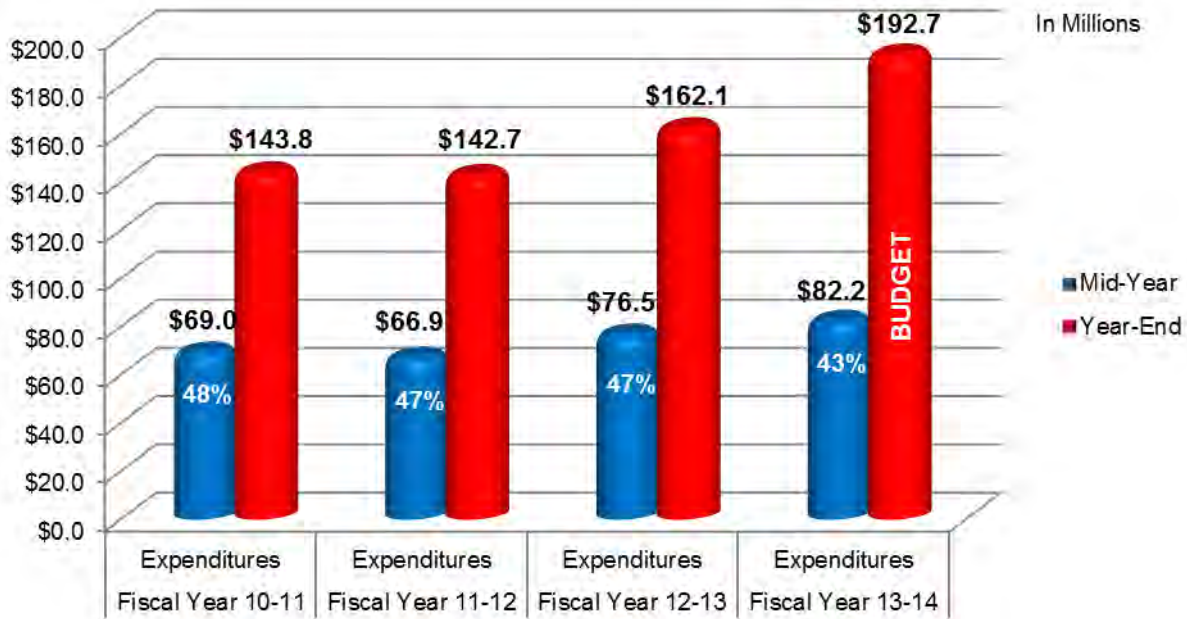
A Safe Community Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2013, expenditures are \$82.2 million, representing 43% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 47% to 48% of the final actual expenditures, placing this year below the range. The lower percentage of expenditures at mid-year compared to budget is mostly attributable to the difficulty law enforcement agencies are having in recruiting qualified applicants, resulting in salary savings.

A Safe Community Four Year Expenditure Comparison



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

The recommendations contained in this report for A Safe Community will increase appropriations by \$599,155 and decrease estimated revenue by \$4,866,538 funded by \$1,393,883 of General Fund fund balance and \$4,071,810 in departmental fund balance/retained earnings.

MID-YEAR ISSUES AND RECOMMENDATIONS

DISTRICT ATTORNEY

Criminal Division: The Department is requesting an increase in appropriations of \$61,910, to fund two existing Criminal Investigator positions for the remainder of Fiscal Year 2013-2014, to be funded by an increase to the Department's net county cost allocation. The Department projects that all net county cost savings will be expended by the end of the fiscal year due to significant increases in the Department's health insurance costs, vacation cash outs and retirement/termination cash outs, along with the loss of revenue as a result of the District Attorney's office no longer providing services to other County departments.

The primary duties of a Criminal Investigator are to work closely with prosecutors and local law enforcement to prepare criminal cases for prosecution. Duties include interviewing witnesses and suspects, analyzing arrest reports for appropriate charges, performing forensic analysis on electronic devices, reviewing video and audio tapes, conducting surveillance on suspects, writing search warrants and reports, conducting background investigations, transporting witnesses and retrieving abducted children.

In the 2008-2009 Final Budget, the Department had 17 allocated Criminal Investigator II positions. Between 2009 and 2011, the number of cases filed continually decreased from 15,245 in 2009, to 13,168 in 2010, and 12,134 in 2011. As the loss of investigators occurred through attrition, positions were left unfilled and were either deleted or unfunded. Beginning in 2012, cases filed increased to 12,900 and then to 15,161 cases filed in 2013. The need for Criminal Investigators increases as the number of cases filed increases. Currently, the Department has 13 allocated Criminal Investigator positions, but due to lack of funding, only 11 positions are filled. Consequently, court cases are being delayed due to the investigators' inability to complete the investigative tasks in time for the prosecutors to present their case in court. Therefore, the Department finds it necessary to request an increase in appropriations at this time to enable the Department to staff the two vacant Criminal Investigator positions for the remainder of this fiscal year. An annual increase will be requested in the 2014-2015 Proposed Budget. The Department is aware that if the recommendation to increase the Department's net county cost allocation is approved, the Department will no longer be eligible for any net county cost savings that may occur at year end.

Arson Task Force: The Department is requesting an increase of \$25,000 in appropriations and estimated revenue due to anticipated donations from local business and other law enforcement agencies to assist in funding the reconstituted Arson Task Force. The primary purpose of this task force is training and mutual assistance.

Auto Insurance Fraud Prosecution: The Department is requesting a decrease in appropriations of \$917 and a decrease in estimated revenue of \$4,576 due to the reduction in the final grant award from the State Department of Insurance, resulting in the use of \$3,659 of program fund balance.

Consumer Fraud Prosecution Program: The Department is requesting an increase in appropriations of \$19,634 due to an increase in salaries and benefits as a result of staffing changes, funded by an increase of \$10,166 in estimated revenue, resulting in the use of \$9,468 in program fund balance.

Criminal Division Asset Forfeiture: The Department is requesting an increase in estimated revenue of \$24,000 due to unanticipated revenue received as a result of the asset forfeiture process. These funds are earmarked by law to support the prosecution process and must be expended in accordance with these regulations.

Real Estate Fraud Prosecution: The Department is requesting a decrease of \$141,498 in appropriations and a decrease of \$96,975 in estimated revenue due to the decrease in Real Estate transactions, resulting in the increase of \$44,523 to program fund balance.

Unserviced/Underserved Victim Advocacy and Outreach: The Department is requesting an increase of \$2,262 in appropriations and an increase of \$11,205 in estimated revenue to reflect the additional award from the California Emergency Management Agency (Cal EMA) to be used to increase outreach, resulting in an \$8,943 decrease in the use of program fund balance.

Victim Witness Services Program: The Department is requesting an increase of \$5,605 in appropriations due to an increase in salaries and benefits, funded by program fund balance.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
District Attorney-Criminal Division	\$0	\$61,910	\$0	\$61,910	Requesting funding for two criminal investigators.
District Attorney-Arson Task Force	\$25,000	\$25,000	\$0	\$0	Anticipated revenue to assist in funding the reconstituted arson task force.
District Attorney-Auto Insurance Fraud	(\$4,576)	(\$917)	\$3,659	\$0	Reduction in final grant award from the State.
District Attorney-Consumer Fraud	\$10,166	\$19,634	\$9,468	\$0	Increase to salaries due to staffing changes, offset with increase in revenue.
District Attorney-Asset Forfeiture Criminal Division	\$24,000	\$0	(\$24,000)	\$0	Unanticipated revenue received.
District Attorney-Real Estate Fraud	(\$96,975)	(\$141,498)	(\$44,523)	\$0	Decrease appropriations and revenue due to the decrease in Real Estate transactions.
District Attorney-Unserved/Underserved Victim Advocacy	\$11,205	\$2,262	(\$8,943)	\$0	Actual award from CalEMA higher than anticipated.
District Attorney-Victim Witness Services	\$0	\$5,605	\$5,605	\$0	Increase expenditures offset by prior year fund balance.
Total	(\$31,180)	(\$28,004)	(\$58,734)	\$61,910	

Staffing Requests: The Department requested a classification study in the 2013-2014 Proposed Budget for one Application Specialist III position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify upward one Application Specialist III position to a block-budgeted Systems Engineer II position. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

DISTRICT ATTORNEY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Criminal Division	1	8387	Application Specialist III	Reclassify upward	Systems Engineer II-block-budget

Summary of Recommendations: It is recommended to decrease appropriations by \$28,004 and decrease estimated revenue by \$31,180 in the District Attorney's departmental budget, funded by an additional contribution of \$61,910 from the General Fund, resulting in a decrease in the use of program fund balance of \$58,734. It is further recommended the staffing changes described and outlined in the table above be adopted.

PROBATION DEPARTMENT

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

Field Services: The Department is also requesting to decrease estimated revenue by \$1,086,065. In a post-closing adjustment to Fiscal Year 2012-2013, Title IV-E funds previously classified as Deferred Revenue were determined to have been earned and were reclassified as revenue which fell into General Fund fund balance. The Department included the full amount in the Adopted Final Budget as revenue and is now requesting a technical adjustment to reduce their estimated revenue and increase their net county cost savings.

Local Community Corrections: AB 109 Realignment funds are budgeted in the Probation-Local Community Corrections budget. In the 2013-2014 Adopted Final Budget, \$4,090,544 was inadvertently budgeted as estimated revenue that was previously approved by the Board of Supervisors on July 23, 2013 as use of fund balance. The Department is therefore requesting a decrease of \$4,090,544 in estimated revenue to reflect the approved use of departmental fund balance. Additionally, in the current fiscal year the Department received unanticipated Realignment growth funds of \$1,646,186 from the State. Due to the uncertainty of how much Stanislaus County would receive in Realignment growth funds, the Community Corrections Partnership Executive Committee recommended to the Board of Supervisors that growth funds not be budgeted in the current fiscal year. There are no appropriations budgeted for these funds, therefore growth funding received will result in an increase in fund balance. Growth funds received during the current fiscal year will be included in the Year 4 Community Corrections Plan.

Corrections Performance Incentive Fund: Probation is also requesting an increase of \$120,000 in estimated revenue and appropriations in the Corrections Performance Incentive Fund (CPIA) budget. These funds will be used to cover the 1% salary restoration and the increased health benefit costs, as well as payments for the lease costs of the Day Reporting Center. The estimated increase in funds is from additional revenue received that was not previously budgeted.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Probation - Field Services	(\$1,086,065)	\$0	\$0	\$1,086,065	Decrease revenue due to Deferred Revenue funds in 2012-2013 that are now brought into 2013-2014 as part of the Net County Cost Carryforward program.
Probation -Local Community Corrections	(\$4,090,544)	\$0	\$4,090,544	\$0	Decrease in estimated revenue to correctly reflect estimated revenue and the use of fund balance.
Probation - CPIA	\$120,000	\$120,000	\$0	\$0	Increase in appropriations and estimated revenue to cover increase in salary and benefit costs.
Total	(\$5,056,609)	\$120,000	\$4,090,544	\$1,086,065	

Summary of Recommendations: It is recommended that appropriations transfers among the Administration, Field and Institutions budgets be granted. It is also recommended that estimated revenue decrease by \$5,056,609 and appropriations increase by \$120,000 funded by an increase of \$4,090,544 in departmental fund balance and an increase of \$1,086,065 in net county cost.

SHERIFF DEPARTMENT

The Sheriff's Department has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process requests to transfer appropriations among the four Sheriff budgets of Administration, Detention, Operations and Contract Cities in order to ensure these budgets end the year in a positive position.

Civil Process Fee: The Department is requesting to increase appropriations by \$40,000 to fund equipment which includes workstations and equipment. This increase in appropriations will be funded by departmental fund balance.

Contract Cities: The City of Riverbank received two grants, one from the Office of Traffic Safety for \$39,979 and one from the Selective Traffic Enforcement Program grant for \$38,082. These grants will be

administered by the Sheriff's Department. Appropriations will be increased by \$78,061 in Salaries and Benefits and Services and Supplies. The City of Riverbank also received \$13,448 in funding from the Board of State Community Corrections. The City plans to use this revenue for overtime costs for probation monitoring and probation searches. Lastly, estimated revenue and appropriations are requested to be increased by \$20,345 to cover costs for increased health insurance costs.

In November the Hughson City Council approved the use of \$190,000 of Supplemental Law Enforcement Services Fund (SLESF) to fund a School Resource Officer and to increase law enforcement presence. The 2013-2014 Adopted Final Budget included \$99,695 for SLESF revenue and expenses. The Department is now requesting to increase appropriations and estimated revenue by the additional \$90,305 in funding.

Operations: The Department is requesting an increase in appropriations and estimated revenue of \$265,000 to fund increased Salaries and Benefits costs. The increase in estimated revenue includes \$161,794 of unanticipated revenue for prisoner extraditions, mandated cost reimbursements and the Electronic Traffic Citation Program grant, as well as \$103,206 from the Public Administrator's Office and from insurance payments for wrecked vehicles.

The Department is requesting to decrease estimated revenue by \$245,908. In a post-closing adjustment to Fiscal Year 2012-2013 vehicle insurance and SDEA revenue previously classified as Deferred Revenue were determined to have been earned and were reclassified as actual revenue which fell into General Fund fund balance. The Department included these funds in the Adopted Final Budget as estimated revenue and is now requesting a technical adjustment of \$245,908 to reduce their estimated revenue and increase their net county cost savings.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Sheriff - Civil Process Fees	\$0	\$40,000	\$40,000	\$0	Increase equipment purchases for the Civil Division.
Sheriff - Contract Cities	\$39,979	\$39,979	\$0	\$0	Increase revenue and appropriations for the Riverbank Sobriety Checkpoint grant.
Sheriff - Contract Cities	\$38,082	\$38,082	\$0	\$0	Increase revenue and appropriations for the Riverbank Selective Traffic Enforcement Program grant.
Sheriff - Contract Cities	\$13,448	\$13,448	\$0	\$0	Increase revenue and appropriations in Riverbank's budget for funding received from the Board of State Community Corrections.
Sheriff - Contract Cities	\$20,345	\$20,345	\$0	\$0	Increase revenue and appropriations in Riverbank's budget to fund the health benefit increase for 2014.
Sheriff - Contract Cities	\$90,305	\$90,305	\$0	\$0	Increase revenue and appropriations in Hughson's budget for additional SLESF revenue and expenses.
Sheriff - Operations	\$161,794	\$0	\$0	(\$161,794)	Increase Intergovernmental Revenue for prisoner extraditions, mandated costs, and the Electronic Traffic Citation Program grant.
Sheriff - Operations	\$103,206	\$0	\$0	(\$103,206)	Increase Miscellaneous Revenue for unanticipated revenue received by the Public Administrator's office and insurance payments for wrecked vehicles.
Sheriff - Operations	\$0	\$265,000	\$0	\$265,000	Increase Salaries and Benefits appropriations to cover overtime costs.
Sheriff - Operations	(\$245,908)	\$0	\$0	\$245,908	Decrease in estimated revenue due to a post-closing adjustment in Fiscal Year 2012-2013 in Deferred Revenue that is now an increase in Net County Cost.
Total	\$221,251	\$507,159	\$40,000	\$245,908	

Staffing Requests: The Department is requesting to add one block-budgeted Confidential Assistant II position to the Administrative division. This position will assist in staff support services that are related to Payroll and Human Resources functions. There is a need for a counter person in the Payroll/Human Resources unit to handle basic customer service functions, answer basic employee questions and provide basic clerical support. The funding for this position is sustainable in the current Administrative budget.

The Department is also requesting to add one Administrative Clerk III position to the Operations division. This position will be responsible for maintaining department training records, scheduling of the facility and providing clerical support to the training team. The Department has recently instituted an online E-Learning training program, as well as proposed a new scenario based training regimen to improve department training. The Training Center is also experiencing significant growth in its Advanced Officer Training program that is utilized by other law enforcement agencies. This position will assist with preparing invoices and responding to inquiries about the Department's training programs. The funding for this position is sustainable in the current Training budget.

The Department requested a classification study in the 2013-2014 Adopted Proposed Budget for four Confidential Assistant II positions in the Administrative division. A study has been completed and based on the job duties and responsibilities of these positions, it is recommended to reclassify all four positions upward to Confidential Assistant III. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

SHERIFF DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	NEW	Confidential Assistant II	Add new position	Confidential Assistant II-block-budget
Operations	1	NEW	Administrative Clerk III	Add new position	Administrative Clerk III
SHERIFF CHANGES	2				
Beginning Allocation	592				
Changes in Allocation	2				
Ending Allocation	594				
SHERIFF DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	4	1804, 8332, 9435, 13072	Confidential Assistant II	Reclassify upward	Confidential Assistant III

Summary of Recommendations: It is recommended that appropriations transfers among the Administration, Detention and Operations budgets be granted. The Contract Cities budget is based on contracted reimbursement of costs incurred by the cities of Hughson, Patterson, Riverbank and Waterford. It is recommended that transfers of appropriations be granted only from the city budgets to the budgets of Administration, Detention and Operations. This would allow unused net county cost in the Contract Cities budget to be used where needed but would also prevent increases to the spending authority of the cities without specific approval. It is also recommended to increase estimated revenue by \$221,251 and appropriations by \$507,159, funded by \$40,000 from departmental fund balance and \$245,908 from 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 are used primarily to match other governmental funding in support of these programs.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community, as of December 31, 2013, actual revenue collected is \$163.3 million, which represents 33% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior three years when collections ranged from 32% and 38% of the final actual revenue.

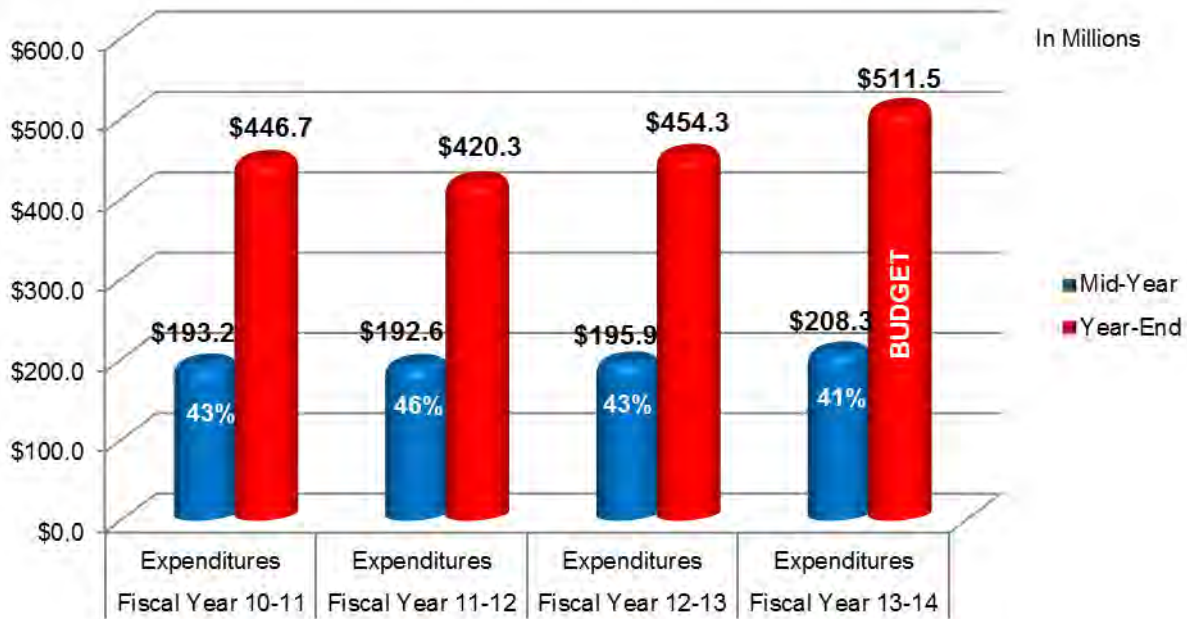
A Healthy Community Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2013, expenditures are \$208.3 million, representing 41% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 43% to 46% of the final actual expenditures, placing this year slightly below the range.

A Healthy Community Four Year Expenditure Comparison



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

The recommendations contained in this report for A Healthy Community include a decrease in appropriations by \$2,583,069 and estimated revenue by \$2,696,116 increasing the use of departmental fund balance/retained earnings by \$113,047.

MID-YEAR ISSUES AND RECOMMENDATIONS

AREA AGENCY ON AGING/VETERAN SERVICES

Staffing Requests: The Department requested a classification study in the 2012-2013 Mid-Year Budget for one Social Worker II position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify upward one Social Worker II position to a Staff Services Analyst. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

AREA AGENCY ON AGING TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Area Agency on Aging	1	7074	Social Worker II	Reclassify upward	Staff Services Analyst

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

BEHAVIORAL HEALTH AND RECOVERY SERVICES

Alcohol and Drug: The Department is requesting an increase in appropriations of \$190,000 to fund agreements with Sierra Vista Child and Family Services for perinatal services, Adolescence's Last Resort for alcohol and drug services to youth and their families, and Alano Club for supportive services. These agreements are funded by an increase in estimated revenue of \$30,000 from Drug Medi-Cal and the use of \$160,000 of departmental fund balance.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Behavioral Health and Recovery Services - Alcohol and Drug	\$0	\$120,000	\$120,000	\$0	Increase in appropriations for perinatal services provided by Sierra Vista Child and Family Services.
Behavioral Health and Recovery Services - Alcohol and Drug	\$30,000	\$60,000	\$30,000	\$0	Increase in estimated revenue and appropriations for an agreement with Adolescence's Last Resort providing Alcohol and Drug Services to youth and their families.
Behavioral Health and Recovery Services - Alcohol and Drug	\$0	\$10,000	\$10,000	\$0	Increase in appropriations to fund an agreement with Alano Club for supportive services.
Total	\$30,000	\$190,000	\$160,000	\$0	

Staffing Requests: The Department is requesting to add one new block-budgeted Mental Health Clinician II position in Behavioral Health Services. This position provides mental health assessments, individual and group therapy, and partners with the clinical team to provide services to clients. The Department is currently under-filling the Psychiatrist position with a Mental Health Clinician. Adding this position will allow the Department to correctly allocate the position. Funding for this position is a combination of estimated Medi-Cal revenue and Mental Health Realignment Funds.

The Department is also requesting to add one new Director of Volunteer Services position in Mental Health Services Act to facilitate and support volunteer opportunities for consumers within the mental health system and maintain volunteer records needed to establish program outcomes. Consumer-provided services are an important part of the Mental Health Services Act. The volunteer program assists the Department in meeting this goal and provides valuable job skills for consumers to transition to other employment opportunities. The position will be funded by the Mental Health Services Act.

BEHAVIORAL HEALTH AND RECOVERY SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Behavioral Health and Recovery Services	1	NEW	Mental Health Clinician II	Add new position	Mental Health Clinician II-block-budget
Mental Health Services Act	1	NEW	Director of Volunteer Services	Add new position	Director of Volunteer Services
BHRS CHANGES	2				
Beginning Allocation	371				
Changes in Allocation	2				
Ending Allocation	373				

Summary of Recommendations: It is recommended to increase appropriations by \$190,000 and estimated revenue by \$30,000 resulting in the use of \$160,000 of departmental fund balance, for additional

alcohol and drug program agreements. It is further recommended the staffing change described and outlined in the table above be adopted.

CHILD SUPPORT SERVICES

The Department of Child Support Services is projecting to end the fiscal year within budgeted appropriations; however, an overall reduction in estimated revenue and appropriations of \$189,590 is requested. As part of the 2013-2014 Adopted Final Budget, a Plan of Cooperation between the Department and the District Attorney that supported one Criminal Investigator position, ended as a result of the incumbent's retirement, program changes and budget concerns of both departments. The Plan of Cooperation had allowed the Department to draw down additional federal funding. At this time it is recommended to decrease estimated revenue and appropriations by \$90,090 for the discontinuance of the Plan of Cooperation.

The Department has recently entered into a Memorandum of Understanding (MOU) with the California Department of Child Support Services and the County of Alameda for call center services. As a result, calls relating to Stanislaus County child support services will be routed to the Alameda Call Center for response on behalf of Stanislaus County. This shared service approach has been adopted by many county child support agencies statewide and encouraged by the State. It is projected that the State will reduce the Stanislaus County allocation by \$99,500 to fund the MOU for the remaining months of Fiscal Year 2013-2014. It is recommended to decrease estimated revenue and appropriations by \$99,500 to support the MOU for call center services.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Child Support Services	(\$90,090)	(\$90,090)	\$0	\$0	Decrease in appropriations and estimated revenue from discontinuing a federally funded Plan of Cooperation with the District Attorney's Office for one Criminal Investigator to provide investigative services to DCSS.
Child Support Services	(\$99,500)	(\$99,500)	\$0	\$0	Decrease in appropriations and estimated revenue due to a State shared services call center solution with Alameda County and CA Department of Child Support Services.
Total	(\$189,590)	(\$189,590)	\$0	\$0	

Summary of Recommendations: It is recommended to decrease estimated revenue and appropriations by \$189,590.

COMMUNITY SERVICES AGENCY

The Community Services Agency has completed a thorough review of all programs based on actual experience through December 2013. At this time the Department is requesting an overall budget increase in estimated revenue and appropriations of \$2.1 million which would increase the total Department budget to \$307.9 million. This increase is primarily due to the receipt of one-time 1991 Realignment Growth funds. Below is the description of each program receiving these funds.

Realignment Growth Funds: In November 2013, the Department received 1991 Realignment growth funds in the amount of \$2.1 million that were earned in prior fiscal years. The funds were earned as follows: Child Welfare Services in the Services and Support budget, \$109,051; Foster Care and Adoptions Assistance in

the Public Economic Assistance budget, \$1,046,870; In-Home Supportive Services (IHSS) Public Authority Administration, \$11,593; IHSS Provider Wages \$838,017; and IHSS Public Authority Benefits, \$49,325. It is recommended that these realignment growth funds from previous years be transferred to the County General Fund.

Health Care Reform: On October 1, 2013 Community Service Agency (CSA) implemented a call center to take transferred calls from Covered California for Napa, Marin and Stanislaus County for residents that are eligible for Medi-Cal. This call center is known as the CSA Regional Call Center (RCC). This RCC call center has taken over 4,300 transferred calls and processed and enrolled a total of 17,000 Stanislaus County families into Medi-Cal (includes e-applications, mail in and in person applications) through February 8, 2014. Local enrollment efforts were done in Stanislaus County in partnership with CSA and Health Services Agency to transition individuals from the County's Medically Indigent Adult (MIA) Program into Medi-Cal.

County Children's Fund: The County Children's Fund Budget provides for education and support services for the prevention, intervention and treatment of child abuse and neglect. Current services include emergency shelter services for runaway youth and the local match for the Children's program core contracted services. The Child Abuse Prevention Council (CAPC) provides recommendations for the use of these funds. For mid-year, the CAPC recommended a one-time increase in appropriations of \$5,000 to partner with the Domestic Violence Coordinating Council for a presentation and training on impacts of abuse, neglect and violence on brain development, funded by departmental fund balance.

Services and Support: The Department is requesting an increase in estimated revenues of \$51,953 for the Refugee Program. This Federal funding will eliminate the use of fund balance.

The Department further requests to transfer appropriations in the amount of \$60,000 from the Fixed Asset "PC's and Equipment" to Fixed Assets "Equipment" to appropriately record an equipment purchase.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CSA - Services and Support	\$51,953	\$0	(\$51,953)	\$0	Increase estimated revenues for Refugee Program prior year accounting correction which includes resolution of fund balance.
CSA - Services and Support	\$109,051	\$109,051	\$0	\$0	Increase estimated revenues for one-time receipt of 1990-1991 realignment caseload growth related to Fiscal Year 2010-2011 through 2011-2012 plus Sales Tax and Vehicle License Fee growth for Fiscal Year 2012-2013 in Child Welfare Services programs. Including Operating transfer out to County General Fund.
CSA - Services and Support	\$0	\$60,000	\$60,000	\$0	Transfer Fixed Assets funds to appropriate Fixed Assets account to properly record purchase of equipment.
CSA - Services and Support	\$0	(\$60,000)	(\$60,000)	\$0	Transfer Fixed Assets funds from Fixed Assets account to appropriate account to properly record purchase of equipment.
CSA - Public Economic Assistance	\$1,046,870	\$1,046,870	\$0	\$0	Increase estimated revenues for one-time receipt of 1990-1991 realignment growth through Fiscal Year 2011-2012 and sales tax /Vehicle License Fees general growth related to Fiscal Year 2012-2013. Including Operating transfer out to County General Fund.
CSA - County Children's Fund	\$0	\$5,000	\$5,000	\$0	Increase appropriations to reflect the current year spending plan as recommended by the Child Abuse Prevention Council
CSA - Public Authority Administration	\$11,593	\$11,593	\$0	\$0	Increase estimated revenues for one-time receipt of 1990-1991 realignment growth through Fiscal Year 2011-2012 and sales tax /Vehicle License Fees general growth related to Fiscal Year 2012-2013. Including Operating transfer out to County General Fund.
CSA - Public Authority Benefits Administration	\$49,325	\$49,325	\$0	\$0	Increase estimated revenues for one-time receipt of 1991 realignment caseload growth through Fiscal Year 2011 - 2012 and sales tax / Vehicle License Fees general growth related to Fiscal Year 2012- 2013. Including Operating transfer out to County General Fund.
CSA - IHSS Provider Wages	\$838,017	\$838,017	\$0	\$0	Increase estimated revenues for one-time receipt of 1991 realignment caseload growth through Fiscal Year 2011 - 2012 and sales tax / Vehicle License Fees general growth related to Fiscal Year 2012- 2013. Including Operating transfer out to County General
Total	\$2,106,809	\$2,059,856	(\$46,953)	\$0	

Staffing Requests: The Department is requesting to add ten new block-budgeted Family Services Specialist II positions to support the increased call volumes and expanded customer base at the StanWORKs Customer Service Center. The Customer Service Center is responsible for answering telephone calls from the public regarding Medi-Cal eligibility and enrollment. These additional positions are needed due to the significant number of individuals applying for expanded Medi-Cal under the Health Care Reform. In addition, the Community Services Agency needs to meet the current Service Level Agreement (SLA) which includes answering 70% of the calls within 50 seconds. These positions will be funded with existing StanWORKs Medi-Cal allocations with no impact to the County's General Fund.

The Department is also requesting to add one Family Services Specialist III position for the Special Investigation Unit. This position would be responsible for computing overpayments and over issuances on public assistance cases that have received benefits in error and need to repay a portion of the benefits they received. This position will be funded with existing StanWORKs allocations.

The Department is also requesting to reclassify upward one Administrative Clerk II position based on the current job duties of the position. It is recommended to conduct a classification study for this request.

The Department further requests a classification study for one Buyer position based on recent changes to the duties of the position. It is recommended to conduct a classification study for this request.

The Department requested a classification study in the 2013-2014 Adopted Final Budget for one Confidential Assistant II position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify the position upward to a Confidential Assistant III. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

COMMUNITY SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Services and Support	10	NEW	Family Services Specialist II	Add new positions	Family Services Specialist II-block-budget
Services and Support	1	NEW	Family Services Specialist III	Add new position	Family Services Specialist III
CSA CHANGES	11				
Beginning Allocation	1,017				
Changes in Allocation	11				
Ending Allocation	1,028				
COMMUNITY SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Services and Support	1	3319	Administrative Clerk II	Reclassify upward	Study
Services and Support	1	2133	Buyer	Classification study	Study
Services and Support	1	2991	Confidential Assistant II	Reclassify upward	Confidential Assistant III

Summary of Recommendations: It is recommended to increase appropriations by \$2,059,856 and estimated revenue by \$2,106,809 in the Community Service Agency budget. This will result in a decrease in the use of departmental fund balance of \$46,953. It is further recommended the staffing changes described and outlined in the table above be adopted.

HEALTH SERVICES AGENCY

Clinics and Ancillary Services: As part of the midyear review process the Health Services Agency identified funding changes associated with the Affordable Care Act implementation along with other changes not previously identified. These include:

- The Agency anticipated completing an update to the Electronic Medical Record (EMR) that would enable the Agency to qualify for Federal incentive payments; however the upgrade and subsequent certification of EMR use will not be fully implemented in the current year resulting in lower than estimated revenue. The Agency projects qualifying for and receiving the incentive funds during Budget Year 2014-2015;
- As a result of State actions during the transition of Stanislaus County's Local Initiative health plans during the fall of 2013 that resulted in fewer enrollees in the current health plan, the per member per month administrative revenue associated with the Local Initiative health plans is projected lower than budgeted;

- Full implementation of the Walgreens 340(b) complement program occurred 45 days after the target implementation date, thereby reducing estimated revenue; and
- The Clinics and Ancillary Services overall budgeted visits are projected to be lower than initially anticipated.

As a result, the Department is requesting to decrease appropriations and estimated revenue by \$5 million to reflect the revised revenue projections and a reduction in contracted medical services, pharmaceuticals, operating supplies and salary costs due to vacant positions, fewer patient visits and the closure of the Pharmacy as approved by the Board of Supervisors on November 5, 2013.

Indigent Health Care Program: As part of the Adopted Final Budget, the Health Services Agency – Indigent Health Care Program budget was adjusted for implementation of the Affordable Care Act and the “redirection” of \$3.2 million in 1991 Realignment program funding to the State. At that time the Department identified an estimated funding shortfall of \$1.5 million associated with the cost of providing safety net healthcare to the Medically Indigent Adult (MIA) population in Stanislaus County.

At this time, the State Department of Finance finalized its review of the “redirected” realignment funds that resulted in a decrease of \$40,367 in the amount of realignment funding the State will retain. Additionally, realignment growth revenue earned in prior years was received by the County in November 2013 resulting in an increase of \$261,733. Finally, other departmental revenue associated with patient care is projected to increase by \$54,565. It is recommended to increase appropriations and estimated revenue of \$356,665 funded from increased realignment and other departmental revenue. The Department will closely monitor the operations of the Indigent Health Care Program and return to the Board as part of the Third Quarter Financial Report if additional appropriations are needed.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Health Services Agency - Clinics and Ancillary Services	(\$5,000,000)	(\$5,000,000)	\$0	\$0	Decrease in estimated revenue and appropriations to more closely align with anticipated operational results.
Health Services Agency - Indigent Health Care Program	\$356,665	\$356,665	\$0	\$0	Increase in estimated revenue and appropriations to reflect increased realignment revenue and one-time realignment growth.
Total	(\$4,643,335)	(\$4,643,335)	\$0	\$0	

Staffing Requests: The Department is requesting to reclassify one vacant Accountant II position upward to an Accountant III in Administration. The Department has a need for the higher level accounting work to increase their ability to monitor and improve internal controls over cash and financial transactions, and comply with complex reporting and accounting requirements under the Affordable Care Act. The Department is also requesting to delete one vacant Account Clerk III position and to delete one unfunded Accountant I position. The funding for the reclassification of the Accountant II to Accountant III will come from the cost savings from the deletion of the Account Clerk III position.

The Department is requesting to transfer one Staff Nurse II from Indigent Health Care Program to Clinics and Ancillary Services due to the increased need for services in the Clinics and a decrease in need in the Indigent Health Care Program. The Staff Nurse II is a revenue generating position and will become part of the Patient Centered Medical Home practice methods. The funding for this position is available through salary savings due to current vacancies and revenue generating services provided by the Staff Nurse.

The Department is also requesting to add a new position and classification of Public Health Lab Director. Currently, the Department is meeting its operational requirements by having a personal service contractor

who is a certified Public Health microbiologist. To assist with efficiencies and continuity of services, the Department would like to hire a full-time Public Health Clinical Lab Director. The position will be funded through cost savings from the terminated contract with the personal service contractor. It is recommended to study this request.

The Department is also requesting to restore one unfunded Assistant Public Health Officer. The Assistant Public Health Officer will act as the Medical Director of the California Children Services program and support the Agency's Public Health Officer. The grant the Department receives requires medical oversight by a physician and the Department is currently meeting this requirement by utilizing contracted physicians. When this position is filled, those existing contracts will be terminated. The funding of this position will be available through the cost savings of the terminated personal services contracts, which comes from a combination of Federal, State and County dollars as part of the California Children's Services grant.

The Department is further requesting to restore one unfunded Public Health Nurse II position. Through a partnership with the Community Services Agency, this position will provide medical assessment for children, the disabled, and the elderly for programs administered by the Community Services Agency. The funding of this position is provided by the Community Services Agency.

The Department also requested to restore one unfunded Manager I position to oversee safety, security, workplace violence and compliance issues. This position would report directly to the Department Human Resources Manager. It is recommended to study this request.

The Department requested a classification study in the 2013-2014 Adopted Final Budget for a Software Developer Analyst III position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify the position upward to a Senior Systems Engineer. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

The Department requested a classification study in the 2013-2014 Adopted Final Budget for a Confidential Assistant II position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify the position upward to a Confidential Assistant III. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

The Department requested a classification study in the 2013-2014 Adopted Final Budget for an Administrative Clerk III position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify the position upward to a Confidential Assistant III. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

The Department requested a classification study in the 2013-2014 Adopted Final Budget for a Staff Services Technician position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify the position upward to a block-budgeted Supervising Account/Administrative Clerk II. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

HEALTH SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	-1	1730	Account Clerk III	Delete vacant position	Delete position
Public Health	1	10571	Assistant Public Health Officer	Restore unfunded position	Restore position
Public Health	1	2029	Public Health Nurse II	Restore unfunded position	Restore position
HSA CHANGES	1				
Beginning Allocation	461				
Changes in Allocation	1				
Ending Allocation	462				

HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	2064	Accountant II	Reclassify upward	Accountant III
Administration	1	3037	Accountant I	Delete unfunded position	Delete unfunded position
Administration	1	7905	Software Developer/Analyst III	Reclassify upward	Senior Systems Engineer
Administration	1	3130	Confidential Assistant II	Reclassify upward	Confidential Assistant III
Administration	1	664	Administrative Clerk III	Reclassify upward	Confidential Assistant III
Administration	1	9879	Manager I	Restore unfunded position	Study
Clinics and Ancillary	1	8576	Staff Nurse II	Transfer in	Transfer from IHCP
Clinics and Ancillary	1	10157	Staff Services Technician	Reclassify upward	Supv Acct/Admin Clerk II-block-budgeted
Indigent Health Care Program	-1	8576	Staff Nurse II	Transfer out	Transfer to Clinics and Ancillary
Public Health	1	NEW	Public Health Lab Director	Add new position/classification	Study

Summary of Recommendations: It is recommended to decrease estimated revenue and appropriations by \$4,643,335. It is further recommended the staffing change described and outlined in the table above be adopted.



A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
CEO-Economic Development Bank
Library

A Strong Local Economy

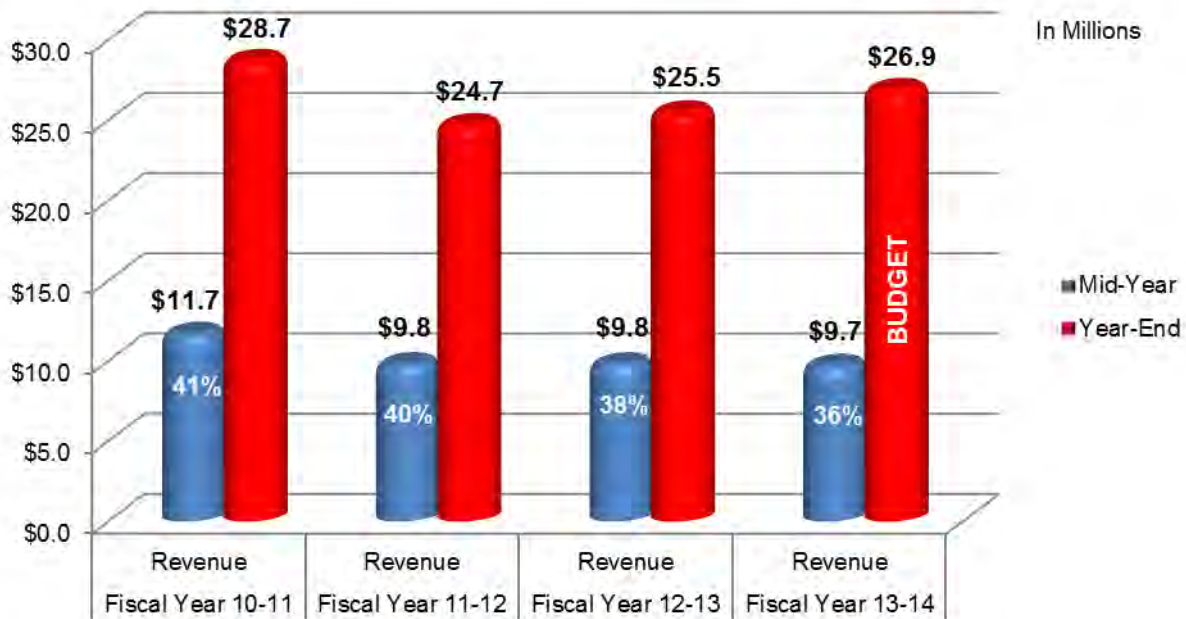
OVERVIEW

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

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of December 31, 2013, actual revenue collected is \$9.7 million, which represents 36% of the estimated annual revenue. This is slightly below the range when compared to the mid-year point of the prior three years when collections ranged from 38% and 41% of the final actual revenue.

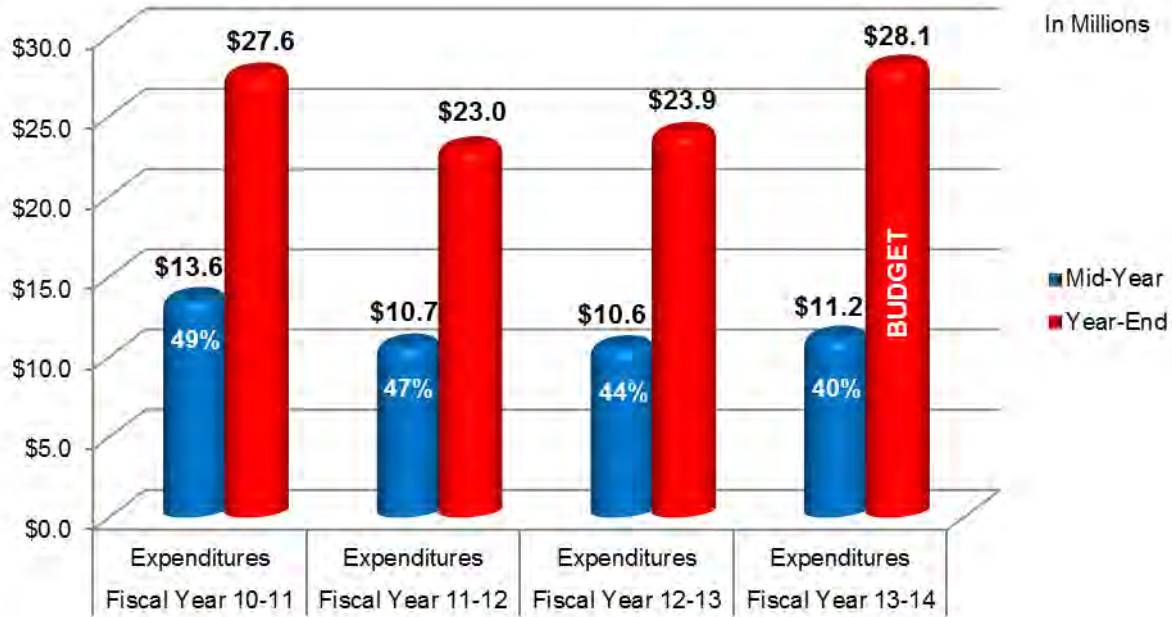
A Strong Local Economy Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2013, expenditures are \$11.2 million, representing 40% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 44% to 49% of the final actual expenditures, placing this year below the range.

**A Strong Local Economy
Four Year Expenditure Comparison**



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

The recommendations contained in this report for A Strong Local Economy include an increase in appropriations of \$387,123 which is funded by an increase of \$805,316 in estimated departmental revenue and a decrease in the use of \$418,193 in departmental fund balance/retained earnings.

MID-YEAR ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

Staffing Requests: The Department requested a classification study in the 2013-2014 Adopted Proposed Budget for one Account Clerk III position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify upward one Account Clerk III position to an Accounting Technician. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

ALLIANCE WORKNET TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	1	7170	Account Clerk III	Reclassify upward	Accounting Technician

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

LIBRARY

The Department is requesting to increase appropriations by \$387,123 to fund the increase in health benefits, the expansion of library books, eBooks and DVDs, the purchase of multilingual books and materials for the Patterson Library, and to provide literacy services to 160 additional students through Learning Quest. The Library also requests an increase in estimated revenue of \$805,316 due to prior year sales tax collections, additional funding from the California Library Literacy Services funds, a mini-grant from the Dia Family Book Club, and revenue received for the sale of a used van. The recommended adjustments will result in the decreased use of \$418,193 of departmental fund balance.

Additionally, the Department is requesting to transfer \$50,000 in appropriations within the Fixed Assets accounts to correctly record flooring and equipment purchases and repairs.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Library	\$0	\$387,123	\$387,123	\$0	Increase appropriations for health benefits and services and supplies.
Library	\$805,316	\$0	(\$805,316)	\$0	Increase estimated revenue for current and prior year sales tax receipts, State intergovernmental revenues, charges for fees from services and miscellaneous mini-grant revenue.
Library		(\$50,000)		(\$50,000)	Transfer Fixed Assets funds from Fixed Assets account to appropriate Fixed Asset accounts to properly record purchases and repairs.
Library		\$50,000		\$50,000	Transfer Fixed Assets funds to appropriate Fixed Assets account to properly record purchases and repairs.
Total	\$805,316	\$387,123	(\$418,193)	\$0	

Summary of Recommendations: It is recommended to increase appropriations by \$387,123 and estimated revenue by \$805,316 in the Library budget. This will result in a decrease in the use of departmental fund balance by \$418,193.



A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

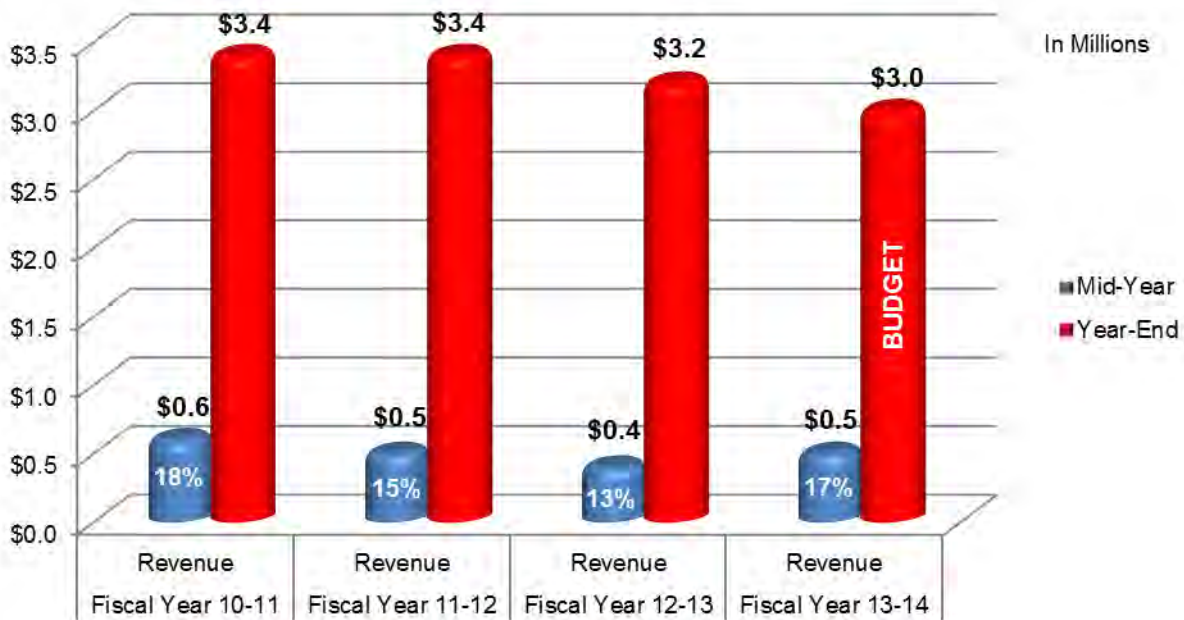
OVERVIEW

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 \$3 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

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of December 31, 2013, actual revenue collected is \$474,998 which represents 17% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior three years when collections ranged from 13% and 18% of the final actual revenue.

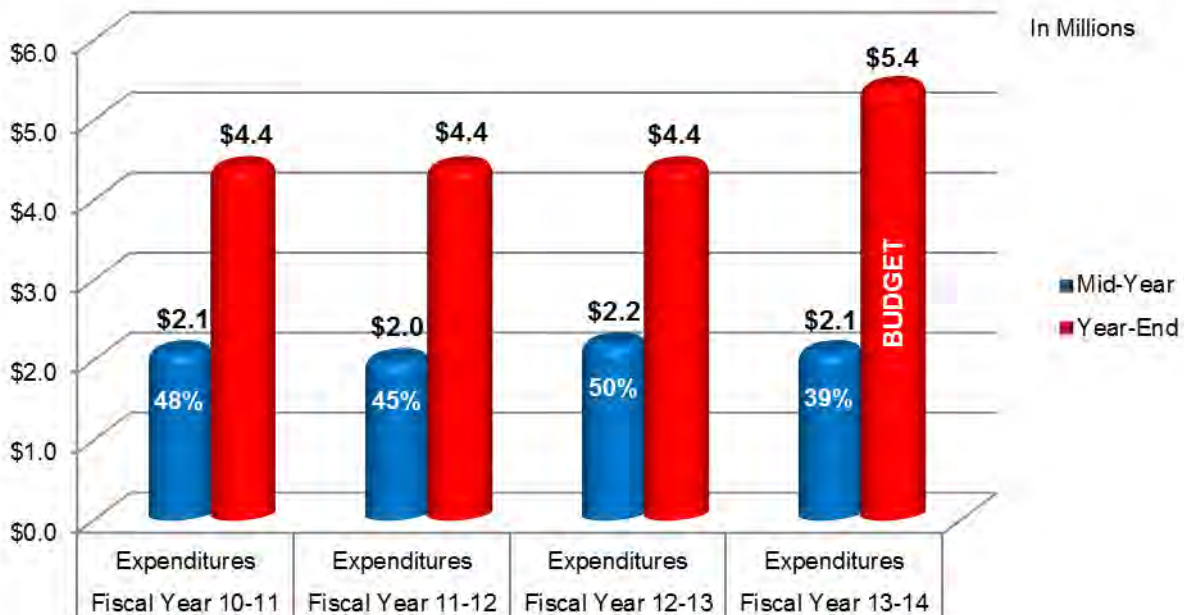
A Strong Agricultural Economy/Heritage Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2013, expenditures are \$2.1 million, representing 39% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 45% to 50% of the final actual expenditures, placing this year below the range, which is consistent with departments in this priority who have carried over net county costs savings at fiscal year-end in anticipation of funding future increases for salary, health and retirement costs.

A Strong Agricultural Economy/Heritage Four Year Expenditure Comparison



Overall, the departments within A Strong Agricultural Economy/Heritage are on track to end the year within budget and in a positive fiscal position. There are no recommended budget changes for this priority area.

MID-YEAR ISSUES AND RECOMMENDATIONS

AGRICULTURAL COMMISSIONER

Staffing Requests: The Department requested a classification study in the 2012-2013 Mid-Year Budget for one Systems Engineer II position. A study has been completed and based on the job duties and responsibilities of this position, it is recommended to reclassify laterally one Systems Engineer II position to a Software Developer/Analyst III. There is no additional cost associated with this recommendation.

AGRICULTURAL COMMISSIONER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Agricultural Commissioner	1	790	Systems Engineer II	Reclassify laterally	Software Developer/Analyst III

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



A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

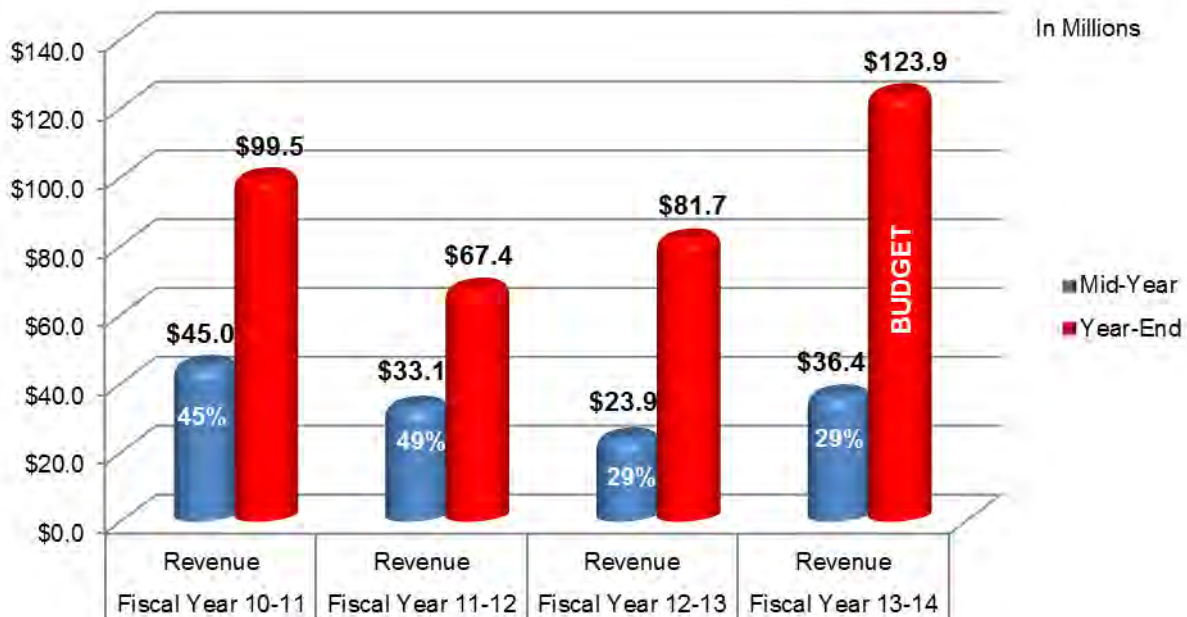
OVERVIEW

The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to A Well Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments are supported through State and Federal funding, fees and Charges for Services, the General Fund, special revenue grants and tax increment payments.

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of December 31, 2013, actual revenue collected is \$36.4 million, which represents 29% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior three years when collections ranged from 29% and 49% of the final actual revenue. The lower percentage of the range is primarily due to the timing of two large projects: SR99/Kiernan Interchange Project and Claribel Road Widening. Anticipated revenues for these projects are received as reimbursements, therefore will track with expenditures.

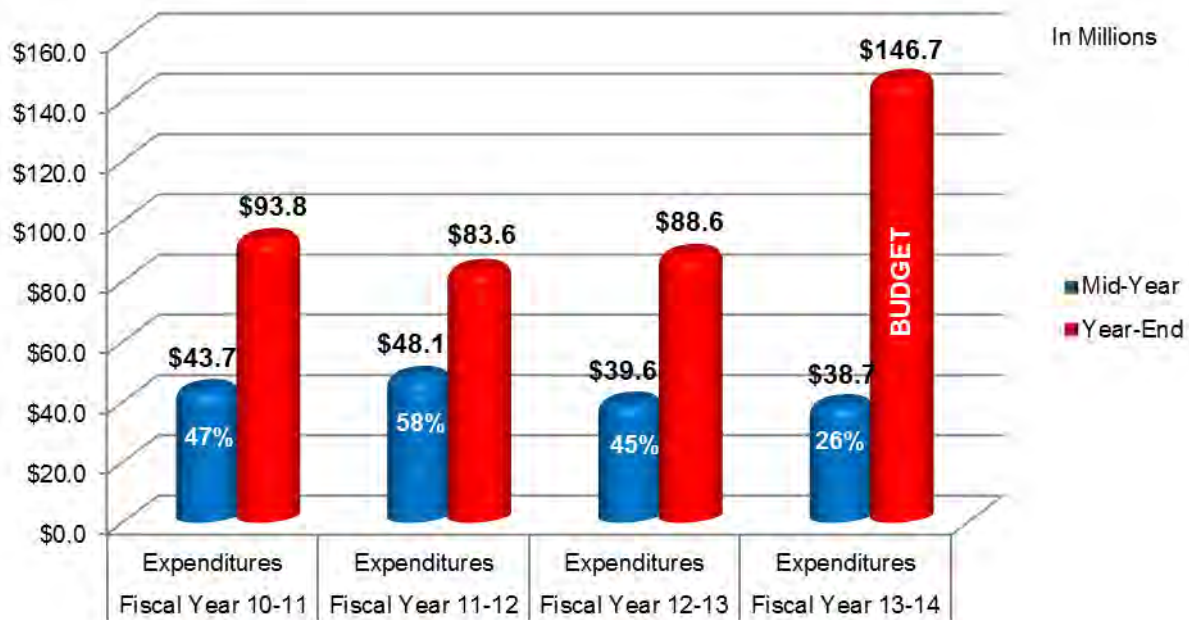
A Well Planned Infrastructure System Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2013, expenditures are \$38.7 million, representing 26% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 45% to 58% of the final actual expenditures, placing this year below the range. The lower percentage at mid-year compared to the same time last year is primarily due to two large projects: SR99/Kiernan Interchange Project and Claribel Road Widening. The size and scope of these projects results in the expenditures occurring over a few years, while appropriations are needed for the entire project in the current year.

A Well Planned Infrastructure System Four Year Expenditure Comparison



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

The recommendations contained in this report for A Well Planned Infrastructure System include an increase in appropriations of \$747,907, which is funded by an increase of \$32,907 in estimated departmental revenue and \$715,000 in departmental fund balance/retained earnings.

MID-YEAR ISSUES AND RECOMMENDATIONS

ENVIRONMENTAL RESOURCES

Disclosure Program: In September 2008, Assembly Bill (AB) 2286 was signed into law. This legislation amended Section 25404 of the California Health and Safety Code and requires that all businesses and agencies that report data from the Unified Hazardous Waste and Materials Management Regulatory Programs (Unified Programs) transition from a manual, paper process to a statewide electronic information system, known as the California Electronic Reporting System (CERS). The Department is requesting to increase appropriations by \$30,000 for administrative services for the implementation of the new CERS database, which will be funded by departmental fund balance.

Specifically, AB 2286 requires that all regulated businesses and local government agencies use CERS to file required Unified Program information, which includes facility data regarding hazardous materials regulatory activities, chemical inventories, underground and aboveground storage tanks, and hazardous waste generation information. It also includes reporting of inspections and enforcement actions, and all regulated businesses and Unified Program Agencies were required to transition from manual reporting to the electronic system by January 1, 2013. To comply, the Department will transition from an in-house developed database to Decade Software Company's Envision-Connect data management system.

Used Oil Recycling: The Department is requesting to increase appropriations and estimated revenue by \$12,907 due to unanticipated revenue received from recycled oil. The Used Oil Recycling fund is designated for public education and financial support of used oil and used oil filter recycling related activities. These funds will be spent in accordance with the grant guidelines.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
DER - Disclosure Program	\$0	\$30,000	\$30,000	\$0	Increase in appropriations for administrative services related to the implementation of the CERS database; funded by the use of fund balance.
DER - Used Oil Recycling	\$12,907	\$12,907	\$0	\$0	Increase in appropriations and revenue for revenue received from recycled oil.
Total	\$12,907	\$42,907	\$30,000	\$0	

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by \$42,907 and \$12,907 respectively, resulting in the use of \$30,000 of departmental fund balance.

PUBLIC WORKS

Morgan Shop: The Department is requesting to increase estimated revenue by \$20,000 and appropriations by \$40,000 for the purchase of a Compressed Natural Gas (CNG) vehicle. On February 28, 2012, the Board of Supervisors authorized the Director of Public Works to apply for and accept the San Joaquin Valley Air Pollution Control District (SJVAPCD) Public Benefit Grant for the purchase of five alternative fuel vehicles on behalf of the Departments of Public Works and Environmental Resources. The grant of \$20,000 per vehicle for a total of \$100,000 was awarded by the SJVAPCD on August 2, 2013. Due to budget constraints, the Parks and Recreation Division of Environmental Resources does not have sufficient funds available for the purchase of one of the two designated alternative fuel vehicles. Morgan Shop has funding available and has a need for the vehicle. Morgan Shop currently has nine 2001 compressed natural gas (CNG) vehicles whose CNG tanks will expire in 2015. It is not cost effective to replace the tanks due to the age and mileage of the vehicles. The average mileage of the 2001 CNG vehicles is 120,000 miles. The Public Benefit Grant is due to expire in 2014, and the purchase of a new CNG vehicle with the assistance of the grant replaces one of the 2001 CNG vehicles.

Road and Bridge: The Department is requesting to increase appropriations by \$665,000 to be funded with existing fund balance associated with revenue from Local Transportation Fund (LTF) and PG&E mitigation funds. An increase in the amount of paving performed by local forces resulted in greater than anticipated costs for both engineering support and equipment rental. Additional LTF and PG&E mitigation funds totaling \$1,089,436 were added in the Adopted Final Budget. The Department did not request additional appropriations at that time, choosing to review the budget at mid-year and adjust as necessary. The work performed in the first two quarters provides a better estimate of the increased costs. In addition, weather

can have an impact on the amount of paving able to be performed. The mild weather in the fall allowed work crews to extend their normal paving season.

The Department is also requesting to transfer the use of up to \$150,000 of Proposition 1B funds from the Geer Road Bridge at Tuolumne River Project to be used for Road Maintenance. Proposition 1B funds were approved by voters in November 2006. Beginning in Fiscal Year 2007-2008, and continuing through Fiscal Year 2009-2010 the State allocated the funding to local agencies on approval of submitted expenditure plans. Legislation required that allocated funds be spent within three years. However, due to State budget issues, County receipt of the funds was delayed and the State extended the "use it or lose it" period. As a result, those funds allocated in Fiscal Year 2009-2010 are required to be spent by the end of June 2014. Approval of the governing board is required prior to spending available Proposition 1B funding for a specific use. One of the projects approved for the Fiscal Year 2009-2010 plan was the Geer Road Bridge at the Tuolumne River. Proposition 1B funds were identified for the local match portion of the project. However, the timing of the project has been delayed beyond what was originally anticipated and there will not be sufficient expenditures by June 30, 2014 to support the need for the full allocation of Proposition 1B funding. Therefore, the Department requests that the Board approve the use of the remaining available Proposition 1B funds, up to \$150,000, for routine road maintenance. This will offset the use of Highway User's Tax, which will then be used to backfill the Bridge project, resulting in no fiscal impact to Road and Bridge's overall budget.

Additionally, AB720-Force Account, adopted in October 2011 and amended on January 1, 2013, established a threshold for the use of force account in road construction or reconstruction projects. Force account is the use of County crews versus the process of preparing plans and specifications, bidding, and contracting the work. In addition, it established a notification requirement to be given prior to the start of such.

Section 22031(b)(2) of the Public Contract Code allows force account work for: "New road construction and road reconstruction as long as the total annual value of the new road construction and the road reconstruction performed under the procedures set forth in subdivision (c) of Section 20395 does not exceed 30 percent of the total value of all work performed by force account other than maintenance as reported in the Controller's Streets and Roads Annual Report as of January 1 of each year." Section 22031(e) further states: "Any county board of supervisors or county road commissioner acting pursuant to the authority granted in paragraph (2) of subdivision (b) shall declare its intention to use this authority prior to commencing work."

For Fiscal Year 2011-2012 (most current Annual Road Report [ARR] available for computation) 30% of the total value of all work performed by force account other than maintenance is \$1,440,852. This establishes the threshold for the use of force account in road construction or reconstruction projects for Fiscal Year 2013-2014.

On July 2, 2013 Public Works received board approval to perform \$987,600 of force account work, other than maintenance. The Department requests to use force account for the additional following projects in Fiscal Year 2013-2014 bringing the total force account work, other than maintenance to \$1,212,600. No budget adjustment is needed for this request.

Charles Street, Hatch Road to Leedom Road	\$100,000
Sperry Road, Grayson Road to Keyes Road	\$125,000

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
PW - Morgan Shop	\$20,000	\$40,000	\$20,000	\$0	Increase in revenue and appropriations for the purchase of a CNG vehicle, balance to be funded by departmental fund balance.
PW - Road & Bridge	\$0	\$665,000	\$665,000	\$0	Increase in appropriations for increased paving performed, funded by existing LTF and PG&E mitigation funds available in fund balance.
	\$20,000	\$705,000	\$685,000	\$0	

Staffing Requests: The Department requested a classification study in the 2013-2014 Adopted Proposed Budget for two Senior Civil Engineer positions. A study has been completed and based on the job duties and responsibilities of these positions, it is recommended to reclassify upward two Senior Civil Engineer positions to Deputy Director of Public Works. The upgrade of these two positions will allow the Department to complete a reorganization into four major areas of responsibility: Construction Engineering, Design Engineering, Development Services, and Finance/Administration. The additional salary costs associated with this recommendation will be absorbed within the existing budget appropriations.

PUBLIC WORKS TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Engineering	2	1545, 1649	Senior Civil Engineer	Reclassify upward	Deputy Director of Public Works

Summary of Recommendations: It is recommended to increase appropriations and estimated revenue by \$705,000 and \$20,000 respectively, resulting in the use of \$685,000 of departmental fund balance. It is also recommended to transfer the use of up to \$150,000 of Proposition 1B funds from the Geer Road Bridge at Tuolumne River Project to be used for Road Maintenance. It is recommended to allow County workforce to perform work on the following projects: Charles Street (\$100,000) and Sperry Road (\$125,000). It is further recommended the staffing changes described and outlined in the table above be adopted.



Efficient Delivery of Public Services

COUNTY DEPARTMENTS

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

Efficient Delivery of Public Services

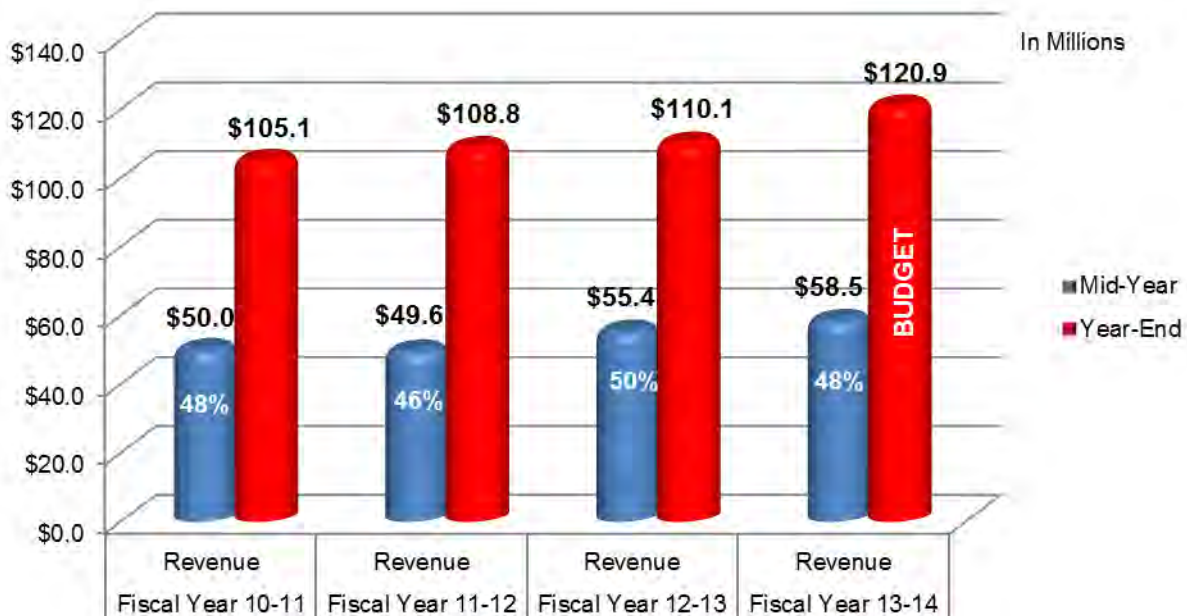
OVERVIEW

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

DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of December 31, 2013, actual revenue collected is \$58.5 million, which represents 48% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior three years when collections ranged from 46% to 50% of the final actual revenue.

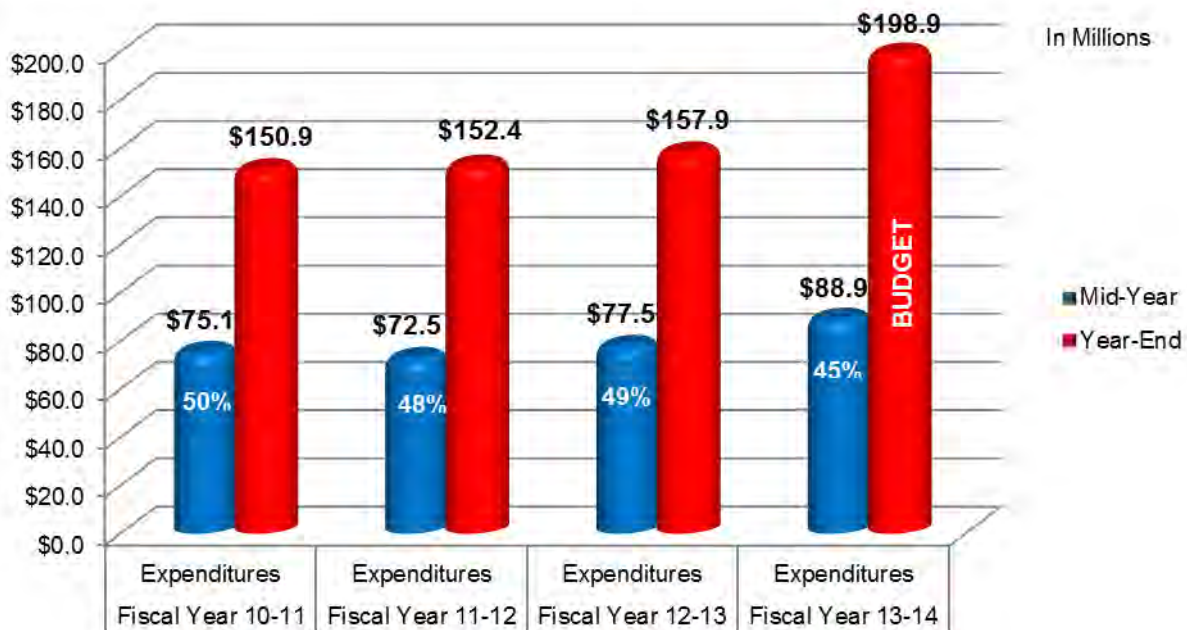
Efficient Delivery of Public Services Four Year Revenue Comparison



DEPARTMENTAL EXPENDITURES

As of December 31, 2013, expenditures are \$88.9 million, representing 45% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years ranged from 48% to 50% of the final actual expenditures, placing this year below the range. The lower percentage of expenditures at mid-year compared to budget is partially attributable to approximately \$2.0 million of net county cost savings which departments are planning to not use and carry-over into the 2014-2015 Budget Year, a decrease of \$745,000 in the CEO-Risk Management General Liability fund due to the settlement of a large claim in the first half of the 2012-2013 Fiscal Year, a decrease of \$332,000 in the CEO-Risk Management Professional Liability fund due to the defense and settlement of a large claim in the first half of the 2012-2013 Fiscal Year, and approximately \$464,000 in the CEO-Risk Management Workers' Compensation Self-Insurance Fund due to lower claims costs as compared to the same period last year.

Efficient Delivery of Public Services Four Year Expenditure Comparison



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

The recommendations contained in this report for Efficient Delivery of Public Services includes an increase in appropriations of \$1,295,443 and estimated revenue of \$3,380,930, resulting in a \$2,085,487 contribution to departmental fund balance. The use of \$822,000 from Appropriations for Contingencies is recommended to fully fund the County's obligation to the North McHenry Revenue Sharing Agreement with the City of Modesto.

MID-YEAR ISSUES AND RECOMMENDATIONS

ASSESSOR

Staffing Requests: The Department requested a classification study in the 2013-2014 Adopted Proposed Budget to block-budget an Application Specialist III position. Based on the results of the study, it is recommended to block-budget the Application Specialist III position. There is no additional cost associated with this recommendation.

ASSESSOR TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Assessor	1	8023	Application Specialist III	Block-budget	Application Specialist III-block-budget I/II/III

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

AUDITOR-CONTROLLER

Staffing Requests: The Department is requesting to restore one Accounting Technician position and one Accountant I position. After a review of the organization in the Department, it was determined that the skill level and knowledge these positions possess are needed for the organization. An Accounting Supervisor position was previously unfunded and the work performed by this position was spread to different levels of staff. It has been determined that an Accounting Technician position is now needed to perform the higher level of the technical accounts payable functions. The Accountant I position will provide a higher level of technical skill and knowledge for the Property Tax Division. Once these positions are filled through department promotional recruitments, the Department intends to unfund the vacancies that will result from the promotions. The Department has sufficient funding to sustain the additional costs associated with this restructure.

AUDITOR-CONTROLLER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor-Controller	1	3134	Accounting Technician	Restore unfunded position	Restore position
Auditor-Controller	1	2198	Accountant I	Restore unfunded position	Restore position
AUDITOR-CONTROLLER CHANGES	2				
Beginning Allocation	35				
Changes in Allocation	2				
Ending Allocation	37				

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

CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

Appropriations for Contingencies: Appropriations for Contingencies serves as a contingency fund for the County to provide sufficient funding for emergencies and unanticipated expenses. Transfers from this fund require a four-fifths vote of the Board of Supervisors. The 2013-2014 Adopted Final Budget included \$4,420,864 in appropriations for unexpected fiscal and program exposures or emergencies which may occur as a result of the economic decline, reductions in Federal and State revenues, or other program and community needs.

Through December 31, 2013 one transfer from Appropriations for Contingencies was approved by the Board of Supervisors on October 29, 2013 totaling \$77,700 to fund one Manager IV to act as the Water Resource Manager in the Department of Environmental Resources. As a result of this transfer, the 2013-2014 contingency balance is \$4,343,164.

At this time it is requested that appropriations be decreased by \$822,000 in order to fully fund the County's obligations to the North McHenry Revenue Sharing Agreement with the City of Modesto through the CEO – General Fund Contribution to Other Programs budget. This action requires a four-fifths vote by the Board of Supervisors. If approved, a remaining balance of \$3,521,164 would be available for use through June 30, 2014.

General Fund Contributions to Other Programs: Funding for County Match is separated into the following legal budgets: *General Fund Contributions to Other Programs* budget and *Mandated County Match* budget. Programs that receive General Fund funding based on contractual obligations, Board of Supervisor policy decisions, and contributions to outside agencies are included in the Chief Executive Office – General Fund Contributions to Other Programs.

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 2012-2013 and has identified additional estimated payment obligations totaling \$822,000 above the original \$1.2 million budgeted for this obligation in the 2013-2014 Adopted Final Budget.

As part of the 2004-2005 Final Budget, the Board authorized a note between the Health Services Agency and the County Treasurer to address the Agency's accumulated cash deficit. This note is to be repaid from General Fund discretionary revenue generated from the 2002 Tobacco Securitization Fund interest earnings. The 2013-2014 Adopted Final Budget included as estimate of \$1,848,054 for the payment this fiscal year. Actual interest earnings have now been posted and it is recommended that appropriations be decreased by \$80,631 to reflect this year's payment of \$1,767,423.

Mandated Match: The CEO – Mandated Match budget includes funding for those programs that have a State or Federal requirement for local dollars as match or maintenance of effort, in order to receive State or Federal funding. This includes the County match funding required by the State in order to receive the 1991 Realignment revenue for local health, mental health and social services programs.

It is recommended to increase estimated revenue by \$2,054,856 from a transfer in from the Community Services Agency. The funds were earned in prior years in several realigned programs for which funding became available and was received by the County in November 2013. Had the funds been received in the years earned, the Department would have returned Mandated Match funds to the General Fund at that time.

General Fund Vehicle License Fee: This budget receives and distributes Vehicle License Fee realignment revenue and is used to fund County Public Health, Mental Health and Social Service programs. Vehicle License Fee General Fund monies received by the County are transferred to the programs within the Realignment Health Trust Funds. As a result of increased vehicle sales it is projected the County will receive its full base allocation along with growth revenue earned in prior fiscal years. It is requested to increase expenditures and estimated revenues by \$1,287,074 in the Vehicle License Fee budget.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - Appropriations for Contingencies	\$0	(\$822,000)	\$0	(\$822,000)	Transfer of appropriations to fully fund the North McHenry Revenue Sharing Agreement with the City of Modesto.
CEO - General Fund Contributions to Other Programs	\$0	\$822,000	\$0	\$822,000	Increase in appropriations to fully fund the North McHenry Revenue Sharing Agreement with the City of Modesto.
CEO - General Fund Contributions to Other Programs	\$0	(\$80,631)	\$0	(\$80,631)	Decrease in appropriations to adjust the Health Services Agency deficit repayment to the actual interest earned on the 2002 Tobacco Securitization fund.
CEO - Mandated Match	\$2,054,856	\$0	\$0	(\$2,054,856)	Transfer in from Community Services Agency 1991 realignment growth.
CEO - Vehicle License Fees	\$1,287,074	\$1,287,074	\$0	\$0	Increase in Vehicle License Fee realignment revenue passed through to realigned health, mental health and social services programs.
Total	\$3,341,930	\$1,206,443	\$0	(\$2,135,487)	

Summary of Recommendations: It is recommended to increase estimated revenue by \$3,341,930 and appropriations by \$1,206,443 in the Chief Executive Office – County Operations budgets. Included in this recommendation is the use of \$822,000 from Appropriations for Contingencies which requires a four-fifths vote of approval by the Board of Supervisors.

CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT SELF-INSURANCE FUNDS

Other Employee Benefits: The Risk Management Division is requesting a \$39,000 increase in appropriations and estimated revenue, for Deferred Compensation costs and additional staffing costs. This increase in appropriations will be funded by \$33,000 in revenue stemming from the medical insurance administrative fee received from early retirees and \$6,000 in additional revenue from the administrative agreement with Mass Mutual for the Deferred Compensation program.

Vision Self-Insurance: The Risk Management Division is requesting a \$50,000 increase in appropriations in the Vision Self-Insurance budget, to be funded by the use of retained earnings. This increase in appropriations is requested to fully fund the payment of vision claims through the end of the fiscal year and is a result of an increase in the number of claims due to increased enrollment. The retained earnings balance at fiscal year-end is estimated to be approximately \$630,000.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - RMD - Other Employee Benefits	\$39,000	\$39,000	\$0	\$0	Increase appropriations for additional Deferred Compensation and staffing costs offset by additional revenue from medical insurance administrative fees and additional revenue from Mass Mutal administrative agreement.
CEO - RMD - Vision	\$0	\$50,000	\$50,000	\$0	Increase appropriations to fully fund vision claims through the end of the fiscal year.
Total	\$39,000	\$89,000	\$50,000	\$0	

Summary of Recommendations: It is recommended to increase estimated revenue and appropriations by \$39,000 in the Risk Management – Other Employee Benefits budget. In Risk Management – Vision

Self-Insurance it is recommended to increase appropriations by \$50,000 resulting in a use of \$50,000 of retained earnings.

GENERAL SERVICES AGENCY

Staffing Requests: The Department is requesting to restore one unfunded Building Services Supervisor position in the Facilities Maintenance Division. As part of a multi-cycle reorganizational strategy, it has been identified that an intermediate supervisor is needed to oversee the maintenance staff. This layer of supervision is critical to effectively operate the maintenance operations. The Department has sufficient funding within current appropriations to fully fund this position. The Department also plans to unfund a Maintenance Engineer III position upon the incumbent's retirement in 2014.

GENERAL SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Facilities Maintenance Division	1	6966	Building Services Supervisor	Restore unfunded position	Restore position
GENERAL SERVICES AGENCY CHANGES	1				
Beginning Allocation	56				
Changes in Allocation	1				
Ending Allocation	57				

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

STRATEGIC BUSINESS TECHNOLOGY

The Department is requesting to move \$15,000 in Fixed Assets from the Computer Equipment account to the Computer Software account. These funds are to cover the costs for the Mobile Device Management Service Solutions and the SPAM Filtering Solution.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Strategic Business Technology	\$0	(\$15,000)	\$0	(\$15,000)	Move appropriations from the Computer Equipment account to the Computer Software account.
Strategic Business Technology	\$0	\$15,000	\$0	\$15,000	Move appropriations from the Computer Equipment account to the Computer Software account.
Total	\$0	\$0	\$0	\$0	

Staffing Requests: The Department is requesting to double-fill one Senior Systems Engineer position for up to a maximum of three months. The current Senior Systems Engineer is retiring in June 2014. This crucial position is responsible for the County's networks infrastructure and architecture at an enterprise level. System availability is mission critical and every County department is dependent on the systems being up and running 24/7. It is essential to double-fill the position to allow for on-the-job training and knowledge transfer for the replacement to learn the critical functions of the position. This action will allow for a smooth transition and provide continuity of services for this key position. The Department has sufficient existing appropriations to fund the double-fill.

The Department is also requesting a classification study of a Software Developer/Analyst III position to a Senior Software Developer/Analyst. Due to organizational changes, the duties of the Software Developer

Analyst III have expanded to include duties of a senior classification. It is recommended to study this reclassification request.

STRATEGIC BUSINESS TECHNOLOGY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Strategic Business Technology	1	879	Senior Systems Engineer	Double-fill	Double-fill up to 3 months
Strategic Business Technology	1	856	Software Developer/Analyst III	Classification study	Study

Summary of Recommendations: It is recommended to move \$15,000 in appropriations from the Computer Equipment account to the Computer Software account. It is further recommended the staffing changes described and outlined in the table above be adopted.

BUDGET SCHEDULE

The following schedule is recommended for the 2013-2014 Third Quarter Financial Report:

- ◆ February 28, 2014 Issue 2013-2014 Third Quarter Budget Instructions
- ◆ March 31, 2014 Departments’ Third Quarter Budget Submittals due to Chief Executive Office
- ◆ May 6, 2014 Third Quarter Financial Report to the Board of Supervisors