# Mid-Year Financial Report
# July—December 2011

BOARD OF SUPERVISORS

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# Introduction

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

While the Mid-Year Report primarily deals with the status of the County's budget as of December 31, 2011, it also includes a look forward at the significant budget challenges facing the State of California and county government, as well as a discussion on the budget strategies currently in place, and those being developed, to assure a balanced budget in the upcoming 2012-2013 Budget Year.

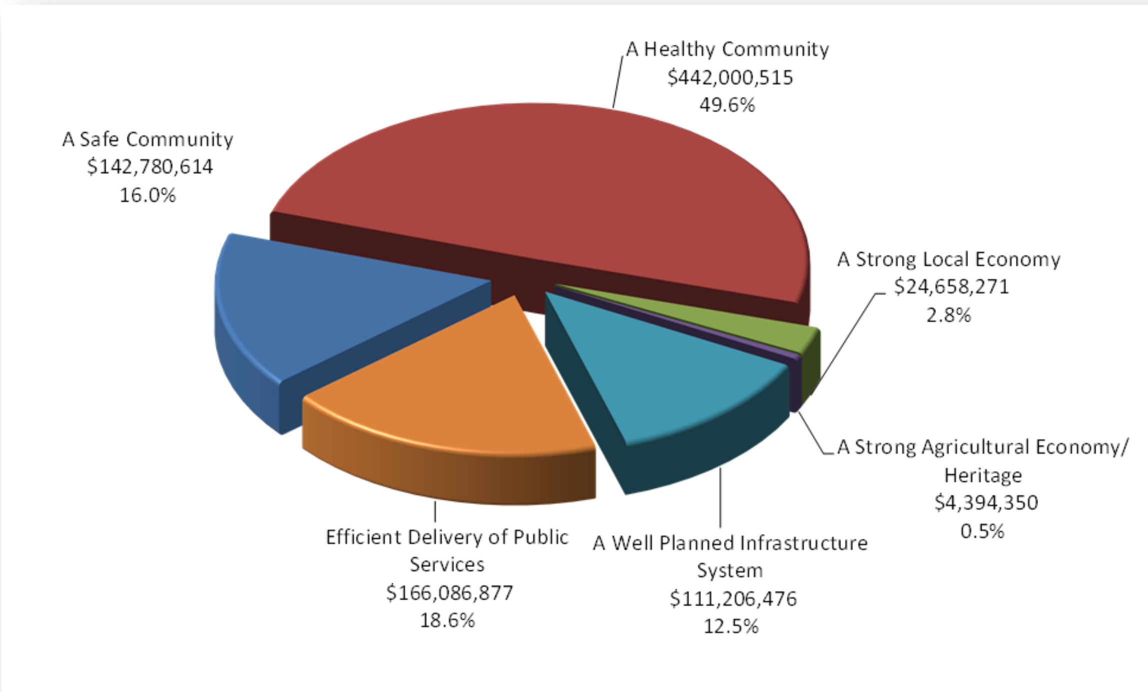
# Summary

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

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

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

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




## BUDGET OVERVIEW

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

### Overall Summary of First Quarter Adjustments

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

The recommended changes in the General Fund were due to several factors that included funding from the Community Services Agency to fund seven months of an existing Deputy County Counsel position; an increase of $400,000 in the Parks and Recreation Department to replace equipment, vehicles, and make structural repairs to two County bridges; and the Chief Executive Office received $3,900 in Public Facilities Fees to conduct an Inflationary Update Study.

In the Special Revenue Fund the Alliance Worknet received one-time funding to provide employment and training services to dislocated workers, Behavioral Health and Recovery Services received one-time funding to cover costs related to sober living placements for the Adult Drug Court program and the Community Services Agency received funding primarily for caseload growth in public assistance programs.

The Enterprise Fund received an increase in the Environmental Resources – Geer Road Landfill budget to comply with the Cease and Desist order issued by the Regional Water Quality Control Board.

In the Internal Service Fund, Public Works – Morgan Shop received an increase for vehicle replacement funded by a grant and the General Services Agency was authorized to use retained earnings to repair an asphalt driveway at the Modesto Warehouse located at County Center III.

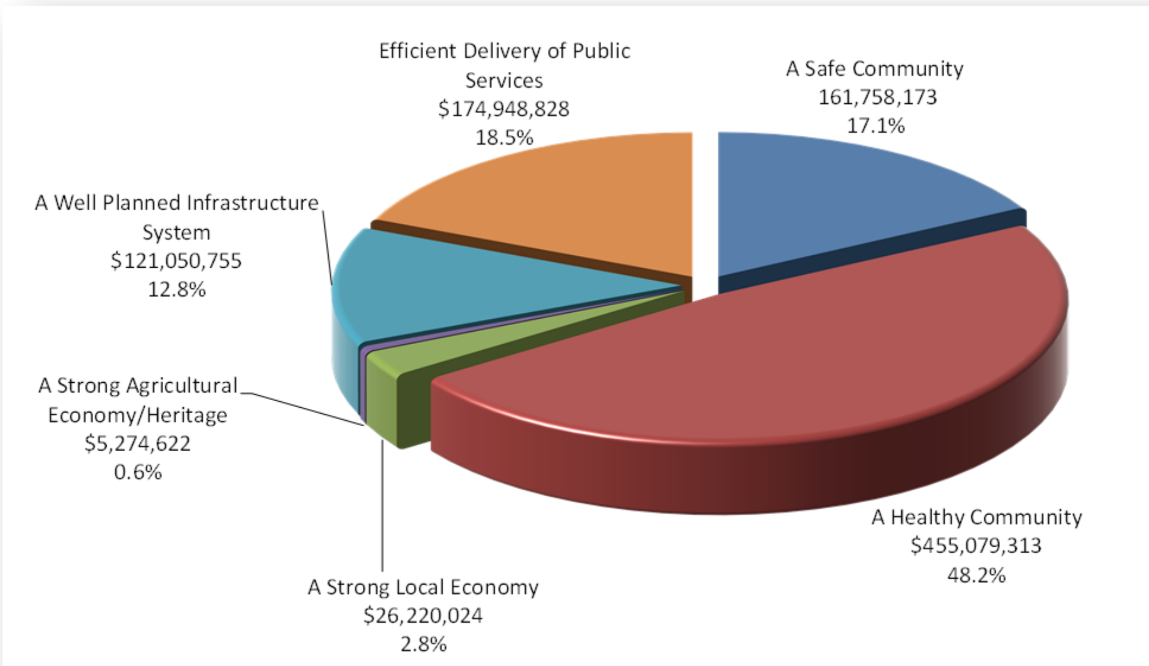
**Summary of Other Budget Adjustments**

The Final Budget is adjusted each year by including appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors, however, not fully completed. Funding for these projects is identified as assigned fund balance by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board of Supervisor action agenda items. The sum of these adjustments through December 31, 2011 total $53,204,655. This reflects $24,404,225 in funding that was carried forward and $28,800,430 in budget adjustments approved by the Board of Supervisors in the current fiscal year through December 2011.

The result of these adjustments made prior to the mid-year review increase the total County budget to $944,331,715 million in available spending authority in the current fiscal year.

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

**Fiscal Year 2011-2012 Adjusted Operating Budget**
**Expenditure by Board Priority**
**$944,331,715 as of December 31, 2011**




**Mid-Year Financial Report Summary**

The 2011-2012 Mid-Year Financial Report reflects a fiscal review of departmental budgets, a cash analysis by fund as of mid-year and recommended adjustments. After the requested Mid-Year adjustments, all departments are on target to finish the year within their approved budgets with the exception of some mandated match program needs which will be addressed at Third Quarter. The Chief Executive Office's mid-year recommendations include a total increase in appropriations of $3,484,426 and an increase of estimated revenue of $17,516,045. If approved, the recommendations contained in this report will result in a decrease in the use of fund balance of $14,031,619.

| Summary of Fund Balance by Fund Type | | | | | |
|---|---|---|---|---|---|
| **Fund Type** | **Beginning Fund Balance on 7/1/2011** | **Legal Budget Revenue** | **Legal Budget Appropriations** | **Mid-Year Recommendation Impact to Fund Balance** | **Projected Fund Balance on 6/30/2012** |
| General Fund | $ 108,251,885 | $ 224,345,359 | $ 251,784,432 | $ (5,448,283) | $ 86,261,095 |
| Special Revenue Fund | $ 191,769,329 | $ 497,623,445 | $ 529,179,246 | $ (8,469,060) | $ 168,682,588 |
| Capital Projects Fund | $ 23,787,050 | $ 8,308,906 | $ 19,021,241 | $ - | $ 13,074,715 |
| Enterprise Fund | $ 10,436,335 | $ 58,848,071 | $ 62,827,010 | $ - | $ 6,457,396 |
| Internal Service Fund | $ 18,401,931 | $ 77,350,647 | $ 81,519,786 | $ (114,276) | $ 14,347,068 |
| **Total** | **$ 352,646,530** | **$ 866,476,428** | **$ 944,331,715** | **$ (14,031,619)** | **$ 288,822,862** |

One strategy implemented to assist departments in staying within appropriations was the three-year health insurance agreement for all bargaining units adopted January 1, 2012. Under this new agreement the County will see an annual savings of $5.1 million in calendar year 2012, half of these savings will be realized in this fiscal year beginning in January. These additional savings to departments will assist in offsetting other increasing operating costs the remainder of this fiscal year and further assist in the coming budget years.

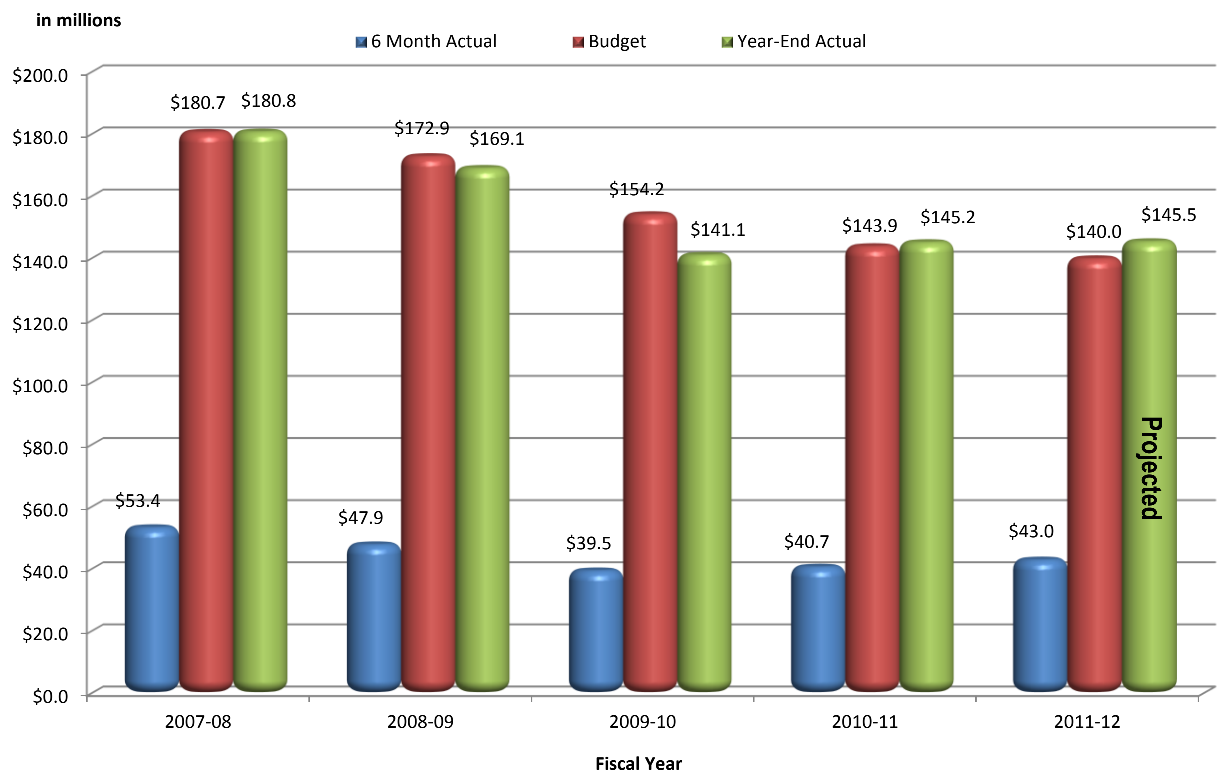
## GENERAL FUND UPDATE

### Discretionary Revenue

As of December 31, 2011, $43 million was posted to the General Fund discretionary revenue accounts. This amount represents 30.7% of the 2011-2012 Final Budget amount of $140 million and 29.6% of the estimated actual collections of $145.5 million. Typically, discretionary revenue collected at this point of the fiscal year ranges from 25.6% to 30.7% of the Final Budget and from 28% to 29.6% of the total year actual collections when looking at the prior five years. This comparison indicates that discretionary revenue is within the typical range when assessing the year-end position.

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

## General Fund—Discretionary Revenue Five Year Comparison




Projected revenue for year-end is $145.5 million, approximately 4% higher than the final budgeted amount, and an increase of $5.5 million to the budget is requested at this time. Various revenue sources are showing stronger than anticipated results through the first six months of the fiscal year and the projected increase will be used to assist in funding some of the mid-year requests recommended in this report. Further adjustments may be necessary as year-end approaches and will be addressed during the third quarter review.

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

**Taxes:** Included in this category are property related taxes (secured and unsecured, supplemental, 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 $3.3 million higher than budgeted. Current secured property tax apportionments indicate a $300,000 increase over budget, property tax received in-lieu of vehicle license fees will exceed budget by $1 million and sales and use tax revenue is projected to come in nearly $1 million higher than budgeted. In addition, the in-lieu of sales and use tax revenue (also referred to as "Triple Flip") will exceed budget by $1 million. In Fiscal Year 2004-2005 the State developed a financing structure for the State Economic Recovery Bonds. The State "flipped" one-fourth of the Bradley-Burns Sales and Use Tax from the counties and cities to the bond trustee for debt service payments. In order to compensate for the lost revenue to cities and counties, an equivalent amount of property taxes from the County Education Revenue Augmentation Fund

(ERAF) were shifted to an "In-lieu of Sales and Use Tax" account. The third leg in this "Triple Flip" required that the State make up lost ERAF revenue to education from the State of California's General Fund. Payments to the "In-lieu of Sales and Use Tax" account are made by the Auditor-Controller in January and May of each fiscal year with an annual "true-up" occurring in the following fiscal year. Based upon the State Department of Finance's reconciliation of the 2010-2011 actual lost ERAF revenue, the County's true-up payment includes an increase of $195,804 (compared to a $642,189 decrease in last year's true-up payment) resulting in an adjusted amount of $4,209,716 for this year. The 2011-2012 budget of $3.2 million was established based on the 2010-2011 amount received and prior to the updated information from the State Department of Finance revealed that the actual ERAF loss was greater than estimated.

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

**Fines, Forfeitures and Penalties:** The revenue in this category comes from penalties assessed and costs associated with delinquent property taxes. Typically, most of the revenue is posted in the second half of the fiscal year, and many times not until the year-end close. Last fiscal year (2010-2011), $5.7 million was posted by year-end, as collections continued from foreclosed properties. The budget for the current fiscal year was established prior to the final close and $6.1 million in penalty revenue was estimated, not fully realizing how far the collections would fall from the $7.9 million posted in Fiscal Year 2009-2010. With the uncertainty of the local real estate market and the inability to predict the direction of foreclosures in the near future, it is prudent to decrease this revenue source to more realistically line-up with year-end projections. It is recommended to decrease this revenue category by $2.1 million, bringing the total to $4 million.

**Revenue from Use of Money:** Interest earned on the County's pooled cash and collection of rents and leases of County owned property are the sources of revenue in this category. The interest rate earned by funds on deposit in the County treasury is adjusted quarterly and ranged from a high of 1.4% to a low of 0.8% during the previous fiscal year. In comparison, the rate for the first two quarters of Fiscal Year 2011-2012 has ranged from 1.16% to 1.15%. Interest postings through two quarters indicate a stronger showing than originally anticipated and an increase of $211,000 to the budget is in order, possibly reflecting an increase to the average daily cash balance.

**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 dramatically from the prior fiscal year for the first four months of the current fiscal year period ending December 2011 (note: the Prop 172 fiscal year begins in September of each year). The nearly 17% increase is attributed to sales tax revenue increases, accounting adjustments due to the fuel tax/excise tax swap and corrections from prior years payments. Regardless of the reasons, a more realistic growth rate for the year is closer to 7.5%. We are recommending an even more conservative approach to adjusting the 2011-2012 Final Budget of $30.5 million by increasing the estimated revenue expectations by over $2 million. The rate used by the State to apportion the revenue pool has not yet been updated for the current year which could mean additional changes to the amount of this revenue source.

Other sources of revenue in this category include State realignment dollars, Homeowner's property tax relief revenue and small amounts of Federal Revenue. Williamson Act subvention revenue was reported in this category in prior years but has not been budgeted for the past two years due to the State's discontinuance of this subvention. However, due to the adoption of SB 863 revenue collected as special assessments charged to landowners will appear in the Charges for Services category.

**Charges for Services:** Included in this category are revenues resulting from the recovery of the costs associated with the administration of the supplemental property tax adjustments (SB 813), adjustments made to the Countywide Cost Applied Plan and now, revenue received from assessments levied to Williamson Act landowners per the enactment of SB 863. SB 863 provides an opportunity for counties to offset a portion of the loss of Williamson Act Subvention funds by establishing new contracts with the landowners enrolled in the program. The changes reduce the landowner's property tax benefits, reduce the term of the contract and allow revenues to be collected by the County as a special assessment on their property tax bill. This will add nearly $1.4 million in revenue that was not budgeted when the Final Budget was adopted and it is recommended that the budget be increased by that amount.

**Miscellaneous Revenue:** Minor deposits to Miscellaneous Revenue include unclaimed monies, unclaimed estates and cancelled (or stale-dated) warrants. This category normally represents insignificant amounts but repayment of money borrowed from Tobacco Settlement funds for the construction of the new Animal Shelter is being posted in this category. At year end a special assignment in the fund balance of the General Fund will be established to make sure these repayment dollars are properly tracked. For this reason, an increase of $306,364 to the budget is recommended.

**Other Financing Sources:** Interest earned on the Tobacco Endowment Fund is the only revenue expected in this category each year and is deposited before the Final Budget is presented. Therefore, the adjustment made at Final Budget for this revenue traditionally mirrors the actual revenue received. This fiscal year no changes were made to this category at the presentation of the Final Budget and the current budget does not reflect the actual earnings on the Endowment Fund. In order to properly reflect the amounts credited, it is recommended to increase the budget by a little over $100,000 at mid-year.

The following chart reflects the Mid-Year Projections for Discretionary Revenue:

| Discretionary Revenue Description | Fiscal Year 2010-2011 Actual | Fiscal Year 2011-2012 Final Budget | Fiscal Year 2011-2012 Projections | Difference between Final Bgt and Projections |
|---|---|---|---|---|
| Taxes | $ 101,409,111 | $ 97,841,000 | $ 101,159,815 | $ 3,318,815 |
| Licenses, Permits & Franchises | 985,842 | 975,000 | 975,000 | - |
| Fines, Forfeitures & Penalties | 5,729,900 | 6,100,000 | 4,000,000 | (2,100,000) |
| Revenue from Use of Money | 2,016,230 | 1,531,000 | 1,742,000 | 211,000 |
| Intergovernmental Revenue | 32,767,077 | 32,062,000 | 34,290,181 | 2,228,181 |
| Charges for Services | (491,410) | (878,000) | 522,001 | 1,400,001 |
| Miscellaneous Revenues | (16,463) | 98,000 | 404,364 | 306,364 |
| Other Financing Sources | 3,075,171 | 2,300,000 | 2,406,639 | 106,639 |
| **Total** | **$ 145,475,458** | **$ 140,029,000** | **$ 145,500,000** | **$ 5,471,000** |

**Recommended Budget Adjustment:** Adjustments to the overall discretionary budget totaling a net increase of $5,471,000 million are recommended at mid-year. As we near year-end and more of the revenue is posted, additional adjustments may be recommended with the Third Quarter Report as necessary.

**General Fund – Classification of Fund Balance**

The five classifications of the fund balance of the General Fund are Non-spendable, Restricted, Committed, Assigned and Unassigned. Non-spendable, Restricted and Committed are the most restrictive categories and are legally or contractually obligated portions of fund balance. The Unassigned fund balance is the least restrictive and is technically available for any purpose. The Chief Executive Office has been authorized by the Board of Supervisors to assign portions of the Unassigned fund balance for specific purposes such as debt service, carryover appropriations, contingencies and budget balancing. Assignments made by the Chief Executive Office at the time of the Final Budget included increasing Carryover Appropriations by $542,980, increasing by $4,326,746 the 75% Carryover Appropriations saved by General Fund departments in 2010-2011, re-classifying the assignment of the $384,546 General Services Agency (GSA) loan to a non-spendable classification and establishing an amount of $14,865,010 to assist with the balancing of the 2011-2012 Final Budget. This $14.9 million Budget Balancing assignment consisted of a reclassification of $1.6 million from Contingencies and $1.9 million from Tobacco Settlement and Securitization, $4.5 million from Committed fund balance and $6.9 million from Unassigned fund balance.

Adjustments made since the acceptance of the Final Budget include minor changes to the Non-spendable classification for fair value adjustment, repayments received on economic development loans and an advance of $289,062 for the Newman downtown plaza project. No changes to the classifications of fund balance are requested at mid-year.

Following is a table summarizing projected year-end balances. The projected fund balance at year-end assumes that revenue and expenditures will come in as budgeted and $14.9 million from the assigned budget balancing classification will be used to cover the deficit as approved in the Final Budget. Overall, the fund balance projected at year-end is $93.4 million. These numbers will undoubtedly change as part of the year-end close process to reflect actual experience.

| GENERAL FUND | 2011-2012 Beginning Fund Balance Classification | 2011-2012 Final Budget Strategies | 2011-2012 Activity through 12/31/2011 | 2011-2012 Use of Fund Balance | Projected Fund Balance as of 06/30/2012 |
|---|---|---|---|---|---|
| **Fund Balance - Non-spendable:** | | | | | |
| General Fund - Fair value adjustment | $ 1,065,232 | $ - | $ 298 | $ - | $ 1,065,530 |
| ED Bank 105 - Fair value adjustment | 16,018 | - | - | - | 16,018 |
| CD Bank 107 - Fair value adjustment | 13,903 | - | - | - | 13,903 |
| Imprest Cash | 91,835 | - | - | - | 91,835 |
| Advances to other funds | 100,000 | 384,546 | - | - | 484,546 |
| Advances to other governments | 372,069 | - | - | - | 372,069 |
| Economic Development advances | 4,024,190 | - | 289,062 | - | 4,313,252 |
| Teeter receivable | 18,012,420 | - | - | - | 18,012,420 |
| Deposits with others | - | - | - | - | - |
| Prepaid items | 216,186 | - | - | - | 216,186 |
| Encumbrances | 1,264,780 | - | - | - | 1,264,780 |
| Total Nonspendable | $ 25,176,633 | $ 384,546 | $ 289,360 | $ - | $ 25,850,539 |
| **Fund Balance - Restricted:** | | | | | |
| Tax Loss Reserve | $ 3,902,068 | $ - | $ - | $ - | $ 3,902,068 |
| Total Restricted | $ 3,902,068 | $ - | $ - | $ - | $ 3,902,068 |
| **Fund Balance - Committed:** | | | | | |
| Various Programs and Projects | $ 6,060,782 | $ (4,525,395) | $ - | $ - | $ 1,535,387 |
| Capital Acquisition | 1,300,000 | - | - | - | 1,300,000 |
| Total Committed | $ 7,360,782 | $ (4,525,395) | $ - | $ - | $ 2,835,387 |
| **Fund Balance - Assigned:** | | | | | |
| Contingencies | $ 4,030,663 | $ (1,598,254) | $ - | $ - | $ 2,432,409 |
| Tobacco Settlement and Securitization | 1,876,351 | (1,876,351) | - | - | - |
| Retirement Obligation | 2,000,000 | - | - | - | 2,000,000 |
| Teeter Plan | 24,275,931 | - | - | - | 24,275,931 |
| Carryover Appropriations (100) | 1,949,064 | 542,980 | - | - | 2,492,044 |
| Carryover Appropriations (105) | - | - | - | - | - |
| Carryover Appropriations (107) | 59,360 | - | - | - | 59,360 |
| 75% Carryover Appropriations (100) | 4,879,112 | 4,326,746 | | - | 9,205,858 |
| Encumbrances | - | - | - | - | - |
| Encumbrances-Econ Development | 662,434 | - | - | - | 662,434 |
| Debt Service | 10,950,000 | - | - | - | 10,950,000 |
| Loan to General Services Agency | 384,546 | (384,546) | - | - | - |
| Budget Balancing | - | 14,865,010 | - | (14,865,010) | - |
| Total Assigned | $ 51,067,461 | $ 15,875,585 | $ - | $ (14,865,010) | $ 52,078,036 |
| **Fund Balance - Unassigned** | | | | | |
| General Fund (100) | $ 18,724,875 | $ (11,734,736) | $ (298) | $ - | $ 6,989,841 |
| Economic Development Bank (105) | 536,889 | - | (289,062) | - | 247,827 |
| Community Development Bank (107) | 1,483,178 | - | - | - | 1,483,178 |
| Total Unassigned | $ 20,744,942 | $ (11,734,736) | $ (289,360) | $ - | $ 8,720,846 |
| **TOTAL FUND BALANCE** | **$ 108,251,886** | **$ -** | **$ -** | **$ (14,865,010)** | **$ 93,386,876** |

## CASH REVIEW

### General Fund Overall Cash Position

As of mid-year, the General Fund cash balance is $42.7 million compared to $32.7 million for the same period last fiscal year. The result is an increase of $10 million in cash when compared to the same period last fiscal year:

- The beginning cash position for Fiscal Year 2011-2012 was lower by $2.3 million from the beginning of last fiscal year;

- In reviewing revenues and expenditures at mid-year, revenues are pacing the same rate as last fiscal year, whereas expenditures are pacing lower than last fiscal year by approximately $4.2 million. The most significant reductions in expenditures are due to a decrease in Salary and Benefits; and

- Another factor contributing to the $10 million cash difference is a $5.7 million increase in cash as part of the 75% net County Cost Savings carryover departments were able to strategically save for addressing future challenges and needs.

| | 2010-2011 | 2011-2012 | Difference |
|---|---|---|---|
| Beginning Balance | $56,494,909 | $53,928,957 | $(2,565,952) |
| Mid-Year | $32,659,826 | $42,688,293 | $10,028,467 |

### Special Revenue Funds Overall Cash Position

As of mid-year, the Special Revenue Funds cash is at $110.3 million compared to $73.8 million for the same period last fiscal year. Some of the variances attributing to this increase include approximately $9.2 million due to more timely receipts in the following funds: Behavioral Health and Recovery Services (BHRS) - Managed Care, Community Services Agency (CSA) Public Authority, CSA–In-Home Supportive Services Provider Wages, and CSA-Public Economic Assistance. The Library has a significant increase of approximately $1 million attributed to the additional prior year sales tax received. The Probation Youth Offenders fund has increased cash by $1.6 million compared to a year ago due to the State allocation coming in higher than the rate of expenditures. The Public Works Road and Bridge fund attributes an increase of approximately $12.8 million in the overall cash position of the Special Revenue Funds. This variance is the result of the receipt of $5 million of Proposition 1B (The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006) funds from the State. In addition, Public Facility Fee (PFF) project funds are transferred into the Road and Bridge fund when contracts are awarded. The current balance contains approximately $4.7 million of PFF funds transferred into this fund for projects that have only been partially expended.

Significant cash deficits in the following funds are due to the timing of reimbursable receipts and are anticipated to be resolved by year end: Area Agency on Aging, Child Support Services, Children and Families Commission, CSA Program Services and Support, District Attorney Victim Witness and Probation-Corrections Performance Incentive Act. In addition, the Health Services Agency (HSA) Indigent Health Care Program (IHCP) has a significant cash deficit due to the timing of State realignment funds. The cash deficit in Public Health is due to the timing of expenditures that are made on various grants and/or State/Federal programs and the timing of the invoicing to receive cash reimbursement. The BHRS-Public

Guardian fund has a significant cash deficit of $986,697. The Public Guardian is funded through fees and County General Fund contribution. This is a mandated service; however, the County's contribution, in addition to the fees collected is not sufficient to fully absorb the cost of the program. The Department has supported, and sufficient cash balance is available in the primary BHRS budget, to cover the negative projection and is consistent with the strategy used in prior years. The cash deficit in BHRS - Managed Care is primarily due to a decline in realignment revenues and the Mental Health Allocation over a three year period, as well as an increased usage of State hospital bed days. Department fund balance from the primary BHRS budget will be used to cover the shortfall in this fund. The cash balance in the Probation – Corrections Performance Incentive Act fund is lower compared to the same time last year due to this budget being managed on a reimbursement basis. Funding is claimed in arrears of expenditure.

**Capital Projects Funds Overall Cash Position**

As of mid-year, the Capital Projects Funds cash is at $25.3 million compared to $27.2 million for the same period last fiscal year. Some of the variances attributing to this decrease of $1.9 million include the decrease of $2.8 million in the Chief Executive Office Criminal Justice Facilities Fund primarily as a result of transferring $2.8 million of cash to the Juvenile Commitment Center Capital Project Fund, the decrease of $1.5 million in the Redevelopment Agency for construction efforts for the Keyes and Empire Storm Drain projects, and an increase of $2.0 million in the Redevelopment Agency Housing Set-Aside portion of the tax increment to be used to leverage partnership opportunities for the development of additional affordable housing programs/project as available.

**Enterprise Funds Overall Cash Position**

As of mid-year, the Enterprise Funds cash is at $3.6 million compared to $8 million for the same period last fiscal year. Some of the variances attributing to this decrease include a $5 million decrease to the Health Services Agency (HSA)-Clinics and Ancillary Services due to a transfer of $2.3 million to HSA-IHCP to cover the operating deficit, and the lower than anticipated Medi-Cal Prospective Payment System (PPS). The following is a brief discussion of budgets with significant cash deficits:

Health Services Agency-Clinic and Ancillary Services reflects a cash deficit of $10 million as of December 31, 2011. This is due to the timing of the Federal Centers for Medicare and Medicaid Services (CMS) audit of the Federally Qualified Health Center Look-Alike program (FQHC-LA). CMS has until December 2012 to conduct and complete the audit. If an audit occurs, CMS will set a reimbursement rate and HSA will be reimbursed based on that rate. If no audit occurs, HSA will be reimbursed at the rate with which HSA submitted its claims. It is anticipated that the cash deficit will be significantly decreased, if not eliminated once a rate is set and reimbursement of claims occurs.

**Internal Service Funds Overall Cash Position**

As of mid-year, the Internal Service Funds cash is at $33.4 million compared to $33.2 million for the same period last fiscal year. There are no budgets that have a significant cash deficit in these funds. Cash may fluctuate during the fiscal year due to changes in rates and costs in the self-insurance budgets, progress on technological or telecommunication projects, or changes in the demand for service by user departments.

## BUDGET STRATEGY FOR BUDGET YEAR 2012-2013 AND BEYOND

### 2012-2013 General Fund Budget Strategy

At its peak, Discretionary Revenue was $180.8 million. Discretionary Revenue is projected to end the 2011-2012 Fiscal Year at $145.5, a 20% decrease. The General Fund has decreased by 17.5% or $48.8 million from its peak of $278.8. The 2011-2012 Adopted Final Budget, which reflects all funds, is $62 million less than the high of $966.5 million in Fiscal Year 2008-2009.

As significant reductions in revenue became evident, the Chief Executive Office Senior Leadership Team developed a 30-month strategy beginning Mid-Year 2009-2010 to provide a long range plan for the organization to restructure. Departments have been issued the following reductions in General Fund contributions:

- 2009-2010 5% reduction for Public Safety departments; 12% reduction for all other departments
- 2010-2011 9% reduction for all departments
- 2011-2012 5%-14% reduction for Public Safety departments; 10%-30% reduction for all other departments

Staffing has also seen a dramatic decrease from its high of 4,603 authorized positions, to the 3,724 authorized positions recommended in the 2011-2012 Mid-Year Report. Currently at the 24 month point, it is clear that the challenges to the County will continue well beyond the initial 30-month period.

The Chief Executive Office Senior Leadership Team continues to focus on identifying strategies and solutions that will allow the County to maintain a balanced budget while preserving the programs most critical to the community. This includes the development of strategic budget targets for Budget Year 2012-2013. The General Fund Strategy is based on core assumptions that include:

- Departments will be given the same General Fund contribution (commonly referred to as “net county cost”) in Fiscal Year 2011-2012;
- Overall discretionary revenue is projected to increase by $5.5 million (approximately 4%) from the Fiscal Year 2011-2012 Final Budget;
- Retirement costs anticipated to increase 25% for General Fund departments and 29% for all funds, as the use of non-vested reserves to partially offset employer rates is not available;
- Savings in health insurance costs projected due to change to self-insured programs;
- 6% savings anticipated in salary costs for negotiated bargaining units; and
- Use of $9.2 million of committed fund balance previously set aside as Teeter reserve and $5.4 million of unassigned fund balance for a total of $14.6 million in one-time funding.

A critical piece in developing the strategy for Budget Year 2012-2013 is the effect of salary costs for employees in bargaining units that have not negotiated a pay deduction. As of this writing, eight (8) of the County’s 12 bargaining units have agreed to a 6% deduction starting July 1, 2012. As the 5% deduction comes to an end as of June 30, 2012, County departments will be required to absorb any increases in salary costs either through reductions-in-force or through program reductions. The current estimated cost is $1.7 million for the General Fund and $9 million across all funds. It is anticipated that many departments will have Net County Cost 75% savings as of Fiscal Year End 2011-2012 to help address some of the impacts to the 2012-2013 budget.

## CURRENT ISSUES AND ONGOING CHALLENGES

As discussed in the 2011-2012 Adopted Final Budget, a number of challenges and significant concerns remain in the coming fiscal years.

### Labor Relations

The County currently has agreements in place with all Labor Associations through June 30, 2012. In the fall of 2011 a majority of the County Labor Associations engaged in voluntary salary discussions with the County on a permanent 6% Salary Deduction Agreement to be effective July 1, 2012, after the expiration of the current 5% Salary Deduction Agreement. Employees will receive 48 hours of Special Accrued Leave Time (SALT) as part of the Salary Cost Deduction agreement. Included in these agreements is a provision to extend the current contract expiration dates from June 30, 2012 to June 30, 2014. Eight of twelve labor organizations have agreed to the 6% Salary Deduction. The County is currently starting negotiations with the remaining four labor groups. The chart below shows the status of the 6% Permanent Deduction Agreements and status of labor negotiations by County Labor Association.

| Labor Association | Allocated Positions | Percent of Workforce | Contract Expiration Date | 6% Salary Deduction Status |
|---|---|---|---|---|
| County Attorney's Association | 67 | 1.8% | 6/30/2012 | Negotiations Starting Mar 9, 2012 |
| California Nurses' Association | 81 | 2.2% | 6/30/2012 | Schedule Pending |
| Service Employees' International Union, (SEIU) Local 521 | 569 | 15.3% | 6/30/2012 | Schedule Pending |
| Stanislaus County Employees Association, (AFSCME) Local | 1,979 | 53.3% | 6/30/2012 | Negotiations Started Feb 8, 2012 |
| **Labor Agreements Expiring June 30, 2012** | **2,696** | **72.7%** | | |
| | | | | |
| District Attorney Investigators' Association | 13 | 0.4% | 6/30/2014 | Approved by Board Nov 2011 |
| Sheriff's Management Association | 14 | 0.4% | 6/30/2014 | Approved by Board Nov 2011 |
| Sheriff Supervisor's Association | 20 | 0.5% | 6/30/2014 | Approved by Board Nov 2011 |
| Emergency Dispatchers' Association | 39 | 1.1% | 6/30/2014 | Approved by Board Nov 2011 |
| Probation Correction Officers' Association | 78 | 2.1% | 6/30/2014 | Approved by Board Nov 2011 |
| Deputy Probation Officers' Association | 114 | 3.1% | 6/30/2014 | Approved by Board Nov 2011 |
| Sworn Deputies Sheriff's Association | 150 | 4.0% | 6/30/2014 | Approved by Board Nov 2011 |
| Deputy Sheriff's Association - Custodial | 219 | 5.9% | 6/30/2014 | Approved by Board Nov 2012 |
| Unrepresented | 367 | 9.9% | N/A | Approved by Board Nov 2011 |
| **Approved Labor Groups** | **1,014** | **27.3%** | | |
| | | | | |
| **Total All Groups** | **3,710** | **100%** | | |

**Library Sales Tax Measure**

On October 11, 2011, the Board introduced and waived the first reading of an ordinance regarding the Stanislaus County Library Transaction and Use Tax. The current Library tax is due for renewal on July 1, 2013. The ordinance, pursuant to Section 7286.59 of the California Revenue and Tax Code, allows Stanislaus County to place the matter of a one-eighth of one percent library sales and use tax on the ballot for the June 5, 2012 election. Although the law allows for a tax authorization period of up to sixteen years, staff's recommendation is an extension period of five years. Through Fiscal Year 2010-2011, the sales and use tax has generate over $6 million annual for the provision of Library services in Stanislaus County and accounts for over 70% of the Library's budget. The Library tax measure requires 2/3 voter approval.

**Retirement**

For this 2011-2012 Fiscal Year, the Stanislaus County Employees Retirement Association Board (StanCERA) took action to mitigate proposed retirement rate increases. StanCERA authorized the transfer of $12.6 million from non-valuation reserves to offset a portion of the County's retirement costs for the 2011-2012 Fiscal Year. While this action was instrumental in mitigating the increased retirement costs in Fiscal Year 2011-2012, this funding will not be available in Budget Year 2012-2013. Without this mitigation, departments will experience an estimated overall increase in retirement rates of approximately 25%. The actuarial is expected to present the new rates to the StanCERA Board in early March.

**Health and Human Services**

As reported in the First Quarter Financial Report, significant unmet needs exist in Public Assistance programs and In-Home Supportive Services (IHSS). The first quarter unmet need estimate of $5.6 million has decreased to $4.1 million at Mid-Year Budget. The unmet needs are identified as follows:

Foster Care Assistance – The need for additional appropriations of $4.2 million are projected with a County Match shortfall or General fund obligation of $2.9 million. Approximately 554 children are estimated to require Foster Care (FC) aid each month in the current budget year, at an average monthly grant amount of $2,246. Factors contributing to this critical need include the loss of enhanced Federal Medicaid Assistance Percentage (FMAP) which ended in Fiscal Year 2010-2011, court-ordered/legislated increases in foster care rates for Foster Family Home and Group Home placement, and a 2011 Realignment funding exposure as well as an anticipated increase in the number of children in care due to AB 12, which extends the legal age for FC until 21.

In-Home Supportive Services (IHSS) Wages & Benefits – Additional costs of $7.0 million are projected with a potential County Match deficit of $1.2 million based on flat growth assumptions from actual caseload experience in June of 2011 through June of 2012. Wages and benefits are consistent with the United Domestic Workers of America (DWA) Memorandum of Understanding (MOU) agreement approved by the Board of Supervisors on October 11, 2011. This agreement will expire again May 31, 2012, leaving ongoing cost containment plans tied to State Budget triggers and/or proposals for program adjustments. Realignment funding may present some budget balancing opportunities which Community Services Agency (CSA) staff will report on in the Third Quarter Financial Report. This is a highly volatile program at the State level, with renewed focus on IHSS due to Health Care Reform. It is projected that the IHSS program may change as it is aligned with changes in health care which begins with the Community First Choice Option (CFCO), which could provide approximately $654,000 of savings this Fiscal Year. CSA will continue to monitor and report back at third quarter.

IHSS Program Integrity and Fraud Investigation Pilot Program – As part of the 2011-2012 State Budget trigger cuts, State funding for the Fraud Investigation Pilot Program was eliminated. Community Services Agency and the Chief Executive Office are working together to develop options on ways to move forward with this critical program in light of the State action, and will present those options to the Board of Supervisors in a separate action.

As the Community Services Agency continues to serve increased demands for services, space allocations within the Community Services Facility are under review to ensure that all departments located within the facility (Community Services Agency, Department of Child Support Services, Alliance Worknet and the Women, Infant and Children's (WIC) program of the Health Services Agency) have sufficient space for their workload needs. It is anticipated that CSA will need additional space in the very near future. The WIC program is looking to improve its location in proximity to its customer base and will ensure partnership opportunities exist in the event a relocation occurs.

As part of the 2011-2012 Adopted Proposed Budget, the Health Services Agency identified a significant exposure of $2.9 million in the current year for the Medically Indigent Adult (MIA) program that remains unfunded. This exposure is the result of increased utilization and program changes pertaining to patient liability for those individuals who are medically indigent adult eligible. The Department anticipates having sufficient retained earnings available in its Clinics and Ancillary Services budget to fund this exposure and will return to the Board as part of the Third Quarter Financial Review with recommendations to ensure this budget ends the year in a positive position.

**Realignment**

On June 30, 2011, Governor Brown signed a series of legislative bills as part of the State Budget that provided funding and made necessary technical changes to implement the public safety realignment program outlined in AB 109. Stanislaus County received $6.6 million for nine months of operation in the 2011-2012 Fiscal Year. Departments have initiated implementation of the programs as outlined in the Community Corrections Partnership Phase I plan; however, full implementation has been delayed due to staffing shortages and the extensive hiring and background process. The Community Corrections Partnership continues to meet and is starting the development of the Phase II Plan. At this time, counties remain positive in continued receipt of realignment dollars, but are unsure if the funding will be adequate to fund all of the expenses incurred. The Governor has included continued Realignment funding with the Fiscal Year 2012-13 Proposed State Budget.

**Dissolution of Redevelopment Agencies/Creation of Successor Agencies**

On December 29, 2011, the California Supreme Court (Court) issued its decision in the California Redevelopment Association vs. Matosantos case, finding the "Redevelopment Agency Dissolution Act" (AB 1x 26) constitutional and the "Alternative Redevelopment Program Act" (AB 1x 27) unconstitutional. The Court's decision dissolved all redevelopment agencies in the State of California (including the Stanislaus County Redevelopment Agency) as of February 1, 2012.

Following the Supreme Court's decision, the Dissolution Act:

- Continues the suspension and prohibition of most redevelopment activities in effect since late June 2011;

- Dissolves RDAs as of February 1, 2012 (the new dissolution date established by the Supreme Court);
- Creates Successor Agencies and Oversight Boards to continue to satisfy “enforceable obligations” of each former redevelopment agency and administer the dissolution and wind down of each dissolved redevelopment agency; and

- Establishes roles for the County Auditor-Controller, the Department of Finance and the State Controller’s Office in the dissolution process and satisfaction of “enforceable obligations” of the former redevelopment agencies.

On January 10, 2012, the Board of Supervisors approved Stanislaus County as the Successor Agency to the Stanislaus County Redevelopment Agency and in a subsequent action on January 24, 2012, the Successor Housing Agency to the Stanislaus County Redevelopment Agency. Furthermore, the Chief Executive Officer, Director of Planning and Community Development and Auditor-Controller were directed to take all steps necessary to serve as the Successor Agency and Successor Housing Agency staff. The cities of Modesto, Turlock, Ceres, Oakdale, Patterson, Newman, Waterford and Hughson all took similar actions with regard with former redevelopment agencies within their limits. The City of Riverbank was alone in taking action not to become the successor agency for the Riverbank Redevelopment Agency.

County staff is in the process of developing a strategy for the formation and administration of Successor Agencies and Oversight Boards for each respective former redevelopment agency in Stanislaus County (eleven in total). For the Stanislaus County Successor Agency, the Board of Supervisors will appoint three members (one general, one public, one representing employees of the former redevelopment agency) to the Oversight Board (composed of seven members). For the remaining ten Successor Agencies, the Board will make two appointments (one general, one public) to each Agency. Oversight Boards need to be reported to the Department of Finance on or before May 1, 2012 although administrative milestones, from March through October 2012, necessitate the need to establish the Oversight Boards as soon as possible.

**AB 900 Phase II Jail Construction Funding**

AB 900 Jail Construction. Jail facilities are urgently needed, and the impact of State prison realignment due to Assembly Bill (AB) 109 has presented even more challenges on local adult detention facilities. The County applied for $80 million in State Local Jail Construction funding (AB 900 Phase II), which includes a $9.5 million local match, for a proposed project totaling $89.5 million. Funding will be used to construct 384 maximum security beds, 72 medical/mental health beds, and a day reporting facility. The Executive Steering Committee has recommended full funding and the Corrections Standards Authority will consider funding awards on March 8, 2012.

**Aging County Facilities Need Repair and Renovation**

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

**Juvenile Detention Center**

The Juvenile Hall at 2215 Blue Gum Avenue, in Modesto, California was constructed in 1976, and the Probation Administration wing was added in 1978. Over the past several years, the heating, ventilation, and air conditioning (HVAC) system has developed a number of operational deficiencies due to the age of the system and several key components are failing. As a result, the HVAC system is challenged to adequately service the building, which has a significant impact on the annual utility costs at the facility. The eight HVAC rooftop units were previously scheduled to be replaced through funding from the California Energy Commission (CEC) energy savings grant up to $575,000. However, subsequently, it was determined by the CEC, that the project wouldn't meet the grants minimum energy savings requirements to be awarded funding.

Additionally, the roofs of the Juvenile Hall and Administration wing have exceeded their life expectancy and leak. The Board of Supervisors previously authorized staff to complete a study of these areas. Findings from the study indicate that some portions of the roof are candidate for immediate repairs and can be patched to stop the worst of the leaks within the previously approved project budget of $300,000. Staff have begun the implementation of the immediate roof repairs.

However, the total estimated cost to replace and upgrade the HVAC system and to replace the roofs is $4.1 million. Chief Executive Office Capital Projects staff are evaluating phasing and funding options, and will return to the Board of Supervisors to approve a project scope and financing plan.

**State Budget Update**

The status of the proposed State Budget continues to be in question. Revenues as well as expenses are highly questionable as budget subcommittees begin to move into gear in Sacramento.

The budget committees in both houses have heard from the Legislative Analyst Office (LAO) and the Department of Finance (DOF). There are still discrepancies regarding the size of the deficit ($13B vs. $9.2B) and the amount of revenues that will materialize for the State through the end of the next fiscal year. In short, the LAO continues to opine that the Administration is overestimating revenues in the Governor's proposed budget by as much as $6 billion.

On the expense side of the budget equation, on January 24 2012, a US District Court Judge ruled that the State cannot reduce payments by 10% to Medi-Cal doctors, dentists, ambulance services and other providers. The decision comes after the court also blocked cuts to hospital-based nursing units and some pharmacists. The proposed 10% cut was to generate $623 million in savings for the State.

Federal health officials recently rejected California's attempt to charge Medi-Cal patients co-payments. The co-payments were for a range of services from drugs to hospital visits. The ruling is another blow to the State Budget. Medi-Cal copayments were projected to save $575 million in the 2012-2013 State Budget.

It is now evident the Legislature will not follow the Governor's call for action on certain of his budget proposals by March 1, 2012. Failure to act as he has requested will probably worsen the State's deficit by hundreds of millions of dollars.

These outcomes underscore the intense pressure the budget will continue to be under and the tenuous nature of its fabric.

# A Safe Community

**COUNTY DEPARTMENTS**

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

# A Safe Community

## OVERVIEW

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

## DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of December 31, 2011, actual revenue collected is $20.4 million, which represents 36% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior two years when collections were at 44.4% and 32.7% of the final actual revenue. As of December 31, 2011, expenditures are $66.2 million, representing 40.9% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were at 48.3% and 47.9% of the final actual expenditures, placing this year below the range.

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

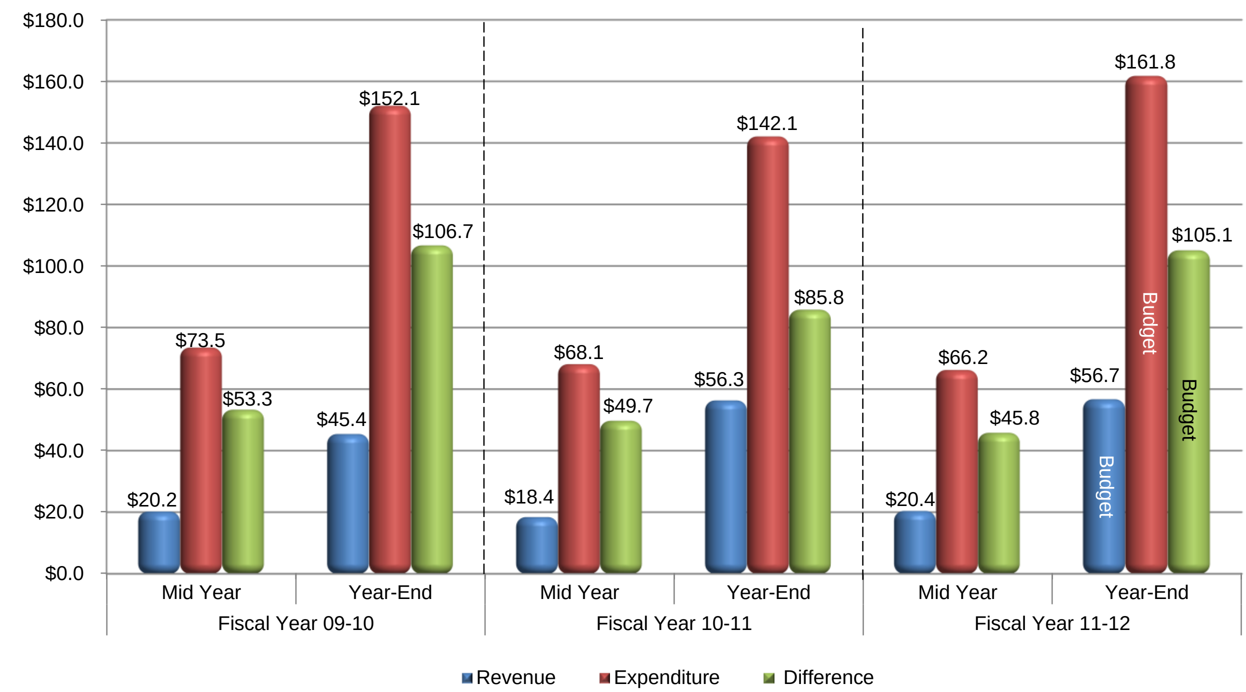
- Probation - An increase in revenue of approximately $2.5 million in Local Community Corrections as a result of the implementation AB109 Public Safety Realignment; and

- Sheriff - Overall expenditures are down in the Sheriff budgets by approximately $2 million as a result of the Reductions-in-Force (RIF) that occurred 1/29/2011.

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

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

## A Safe Community
## Three Year Comparison




The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Safe Community for Fiscal Year 2011-2012 is $56.7 million with departmental expenditures budgeted at $161.8 million and the difference of $105.1 million funded through a General Fund contribution and the use of fund balance/retained earnings. Departmental revenue is up by $2 million and expenditures are down by $1.9 million from Mid-Year 2010-2011.

**MID-YEAR ISSUES AND RECOMMENDATIONS**

**ANIMAL SERVICES**

On December 12, 2010, the Thomas W. Mayfield Regional Animal Services Facility was dedicated to the public in cooperation with the County and the five partner cities-Modesto, Ceres, Hughson, Patterson, and Waterford. The Animal Services Facility opened its doors to the general public in January 17, 2011 at its new location at the corner of Crows Landing Road and Cornucopia Way. The Animal Services Facility is a 33,360 square foot single level facility that includes a public entrance, adoption area, animal holding, veterinary and spay and neuter clinics and parking. On March 22, 2011, the Board of Supervisors approved the final acceptance of the Design-Build Construction of the new Thomas W. Mayfield Regional Animal Services Facility. Total project costs were approximately $8.5 million.

As part of this new partnership, and through the creation of the Stanislaus Animal Services Agency Joint Powers Agreement (JPA), the traditional Animal Services budget was dissolved and instead the County's obligation was budgeted in Chief Executive Office – General Fund Contributions to Other Programs. The Animal Services – Trust Donations budget (a special revenue fund) inadvertently was not dissolved at that time even though a trust account under the Stanislaus Animal Services Agency JPA was created. As such, the Stanislaus Animal Services Agency JPA and the Auditor-Controller requested that Board of Supervisors authority be granted to dissolve the Animal Services – Trust Donations budget (1760) and the cash be transferred to the Animal Services Agency – Donations Trust (6182). As of December 31, 2011, the available Equity in Pooled Cash in 1760 was $68,608.13.

**Summary of Recommendations:** It is recommended to dissolve the Animal Services – Trust Donations budget and transfer any available cash to the Animal Services Agency – Donations Trust.

**CEO—COUNTY OPERATIONS**

County Court Funding: Based on the Chief Executive Office's mid-year projections, the County Court Funding budget is showing indications of a noticeable drop-off in revenue collected from Court fines and fees. Although this will not affect the current appropriations in this budget, if revenue continues to come in under budget there will be an additional net county cost burden at year-end. The Chief Executive Office will continue to monitor the revenue collections as the fiscal year progresses and, if necessary, notification of exceeding the net county cost budget will be made with the Third Quarter Report or with a Board item prior to fiscal year-end close.

**CEO—OFFICE OF EMERGENCY SERVICES/FIRE WARDEN**

Office of Emergency Services: The Department is requesting to decrease appropriations by $57,451 to correct an accounting error that occurred at year-end which inadvertently increased appropriations above what it should have been.

**Summary of Recommendations:** It is recommended to decrease appropriations by $57,451 to correct an accounting error that occurred at year-end.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | General Fund Contribution | |
| CEO - Office of Emergency Services (OES) | ($57,451) | | ($57,451) | Decrease appropriations to correct accounting error that occurred at year-end. |
| **Total** | **($57,451)** | **$0** | **($57,451)** | |

**DISTRICT ATTORNEY**

Criminal Division: It is anticipated that the General Fund operating budget of the District Attorney's Office will end the year within budgeted appropriations and no adjustments are requested at this time. Additional revenue in the amount of $107,000 from AB 118 Realignment to fund costs associated with revocation proceedings involving persons subject to state parole is anticipated but is not planning to be expended in the current fiscal year and will roll over into next year's budget.

Rural Crimes: Notification of an additional award amount for the District Attorney's Rural Crimes program was received at the beginning of January 2012 from the California Emergency Management Agency (Cal EMA) with the additional funds to be used for personnel costs in the Sheriff's Office to combat rural and agricultural crimes. The Department is requesting an increase of $8,909 in appropriations and estimated revenue to reflect the additional award amount.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| District Attorney - Rural Crimes | $8,909 | $8,909 | $0 | Additional grant funding received from the California Emergency Management Agency |
| **Total** | **$8,909** | **$8,909** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations and estimated revenue by $8,909 to reflect an increase to the grant awarded to the Rural Crimes program.

**GRAND JURY**

The Grand Jury is requesting an increase in appropriations of $80,000. The Fiscal Year 2011-2012 Grand Jury Adopted Final budget did not include any funds for Criminal Grand Jury costs. The Grand Jury is requesting to increase appropriations by $50,000 due to costs associated with Criminal Grand Jury. Costs to date for the Criminal Grand Jury are $13,163 and continued use of the Criminal Grand Jury is expected through the end of the fiscal year. It is anticipated that the continued use of the Criminal Grand Jury will result in expedited justice and savings to the County as the use of the Criminal Grand Jury on high profile or multiple defendant cases will eliminate the lengthy Preliminary Examination/Pre-Trial (PXPT) process and should result in savings to the Public Defender-Indigent Defense budget as Defense Counsel is not present at the Criminal Grand Jury proceedings. In the future, should the use of the Criminal Grand Jury continue, the increased cost will be offset by anticipated savings in the Indigent Defense Budget. In addition, on December 6, 2011 the Board of Supervisors approved a $10,000 transfer to the Grand Jury from Appropriations for Contingencies for costs associated with a contempt case. Actual costs associated with the case have materialized much higher than anticipated and the Department is requesting an additional $30,000 to cover the cost of the case through completion.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | General Fund Contribution | |
| Grand Jury | $50,000 | $0 | $50,000 | Costs associated with the Criminal Grand Jury |
| | $30,000 | $0 | $30,000 | Up to $30,000 for costs associated with a contempt case |
| **Total** | **$80,000** | **$0** | **$80,000** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $50,000 for costs associated with the Criminal Grand Jury and up to $30,000 for costs associated with a contempt case, to be funded by increased Discretionary Revenue.

**PROBATION**

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 budgets of

Administration, Field Services and Institutional Services in order to ensure these budgets end the year in a positive position.

**Staffing Requests:** The Probation Department is currently sharing their Information Technology (IT) Manager with the District Attorney's Office. In an effort to support this arrangement the Department is requesting to add a new block-budgeted Systems Technician II position. The addition of this position will allow the IT Manager to delegate work to the appropriate classification allowing the manager to perform managerial duties. Additionally, this new position will assist in absorbing the additional workload created by AB 109. The Department is also requesting to restore an unfunded Supervising Legal Clerk II position in Field Services to support the additional workload created from the State Realignment program. The Department is further requesting to unfund the Manager II position in the Administration budget.

| PROBATION STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Administration | 1 | NEW | Systems Technician II | Add new position | Systems Technician II block-budget |
| | -1 | 1788 | Manager II | Unfund vacancy | Unfund vacant position |
| | | | | | |
| Field Services | 1 | 2159 | Supervising Legal Clerk II | Restore unfunded position | Restore vacant position |
| **PROBATION CHANGES** | **1** | | | | |
| **Beginning Allocation** | **246** | | | | |
| **Changes in Allocation** | **1** | | | | |
| **Ending Allocation** | **247** | | | | |

**Summary of Recommendations:** It is recommended that the Auditor-Controller and the Chief Executive Officer be given the authority to process future Department requests to transfer appropriations among the three budgets of Administration, Field Services and Institutional Services in order to ensure these budgets end the year in a positive position. It is further recommended the staffing changes described and outlined in the table above be adopted.

**SHERIFF DEPARTMENT**

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

Administration: The Sheriff's Department is requesting a transfer of $40,000 in appropriations from the Salaries and Benefits category to Fixed Assets to cover expenditures for software and server upgrades for the Countywide email system. Board of Supervisors authority is required for fixed asset transfers greater than $10,000; it is recommended that the authority for this transfer be granted.

California Multi-jurisdictional Methamphetamine Enforcement Taskforce (Cal-MMET): $222,699 in additional funds for Cal-MMET has been received from the 2010 Local Safety and Protections Account (LSPA). This additional funding will be used to fund a portion of a Sergeant and Deputy Sheriffs' personnel expenses, one Deputy District Attorney position, a portion of a Modesto Police Officer's personnel expenses, vehicle expenses, and indirect costs assessed by the Auditor-Controller's Office. The Sheriff's Department is requesting to increase appropriations and estimated revenue by $222,699 to account for the additional funds.

Civil Process Fee: The Civil Division provides timely and accurate civil process service to the citizens of the County and provides statewide transportation of inmates sentenced to State prison as well as State prisoners returning to court for active criminal cases. Vehicles for this transport are purchased and equipped on an ongoing basis from revenue generated in the Civil Process Fee budget. The Sheriff's Department is requesting to increase and transfer out appropriations of $60,000 for the purchase of a new vehicle and four radios for the Civil Division to be funded by fund balance.

Detention: The Sheriff's Department is requesting a transfer of $797,101 in appropriations from Fixed Assets to Services and Supplies to properly record equipment maintenance expenditures according to AB 109 Realignment specifications. Included is $405,000 in the Public Safety Center budget, $294,200 in the Bureau of Administrative Services (BAS) budget, $52,654 in the Jail Alternatives budget, $27,200 in the Roadside Crews budget and $18,047 in the Support budget. The AB 109 appropriations were initially set up in September 2011 incorrectly in the Fixed Assets category of accounts and this transfer is necessary for a proper accounting of costs. Additionally, an increase of $60,000 is requested in both appropriations and estimated revenue in the Civil Division of the Detention budget. The Civil Division provides timely and accurate civil process service to the citizens of the County and provides statewide transportation of inmates sentenced to State prison as well as State prisoners returning to court for active criminal cases. Vehicles for this transport are purchased and equipped on an ongoing basis from revenue generated in the Civil Process Fee special revenue budget. The fixed assets are part of the Detention budget and funds need to be transferred from the Civil Process Fee budget to make the proper accounting entries. Transfers In of $60,000 along with Fixed Asset appropriations of $55,000 and $5,000 of Services & Supplies appropriations will allow for the purchase and equipping of an additional transport vehicle.

Vehicle Theft: The Department is requesting to decrease appropriations by $14,802 due to salary savings resulting in a decreased use of fund balance.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Sheriff - Administration | ($40,000) | $0 | ($40,000) | Transfer from Salaries & Benefits for computer server purchase to fix Groupwise issues |
| | $40,000 | $0 | $40,000 | Transfer to Fixed Assets for computer server purchase to fix Groupwise issues. |
| Sheriff - Detention | ($797,101) | $0 | ($797,101) | Transfer from Fixed Assets to properly record costs related to AB 109 |
| | $797,101 | $0 | $797,101 | Transfer to Services and Supplies to properly record costs related to AB 109 |
| | $0 | $60,000 | ($60,000) | Increase Operating Transfers In to accept funds from Civil Process Fee budget for purchase of vehicle and equipment |
| | $55,000 | $0 | $55,000 | Increase Fixed Assets for vehicle purchase for Civil Division |
| | $5,000 | $0 | $5,000 | Increase Services & Supplies for radio equipment purchase for Civil Division |
| Sheriff - Cal-MMET | $222,699 | $222,699 | $0 | Additional funding received from Local Safety and Protection Account (LSPA) |
| Sheriff - Civil Process Fee | $60,000 | $0 | $60,000 | Increase operating transfers out for the purchase a new vehicle and four radios for Detention-Civil Division |
| Sheriff - Vehicle Theft | ($14,802) | $0 | ($14,802) | Decrease Appropriations resulting in a decreased use of fund balance |
| **Total** | **$327,897** | **$282,699** | **$45,198** | |

**Staffing Requests:** The Department is requesting to restore an unfunded Legal Clerk III position and reclassify upward to a block-budgeted Supervising Legal Clerk II position. This position will be responsible for the supervising, oversight, and standardization process for the Records staff assigned to Riverbank Police Services. This will reduce the need for resources from the Sheriff's Records Division. This position will be fully funded by the City of Riverbank through the current Riverbank Police services contract and no budget adjustments to the Contract Cities budget are necessary.

The Department is also requesting to reclassify downward the Manager II-Safety position to a Sergeant in Operations. This position is currently being under-filled and this action will properly align the position with the duties performed. This will also provide the Department with greater flexibility and allocation of staffing resources.

| SHERIFF'S DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Contract Cities | 1 | 11362 | Legal Clerk III | Restore unfunded position/Reclassify upward | Supervising Legal Clerk II block-budget |
| **SHERIFF CHANGES** | **1** | | | | |
| **Beginning Allocation** | **537** | | | | |
| **Changes in Allocation** | **1** | | | | |
| **Ending Allocation** | **538** | | | | |

| SHERIFF'S DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Operations | 1 | 426 | Manager II-Safety | Reclassfiy downward | Sergeant |

**Summary of Recommendations:** It is recommended to increase appropriations and estimated revenue by $327,897 and 282,699 respectively in the Sheriff's departmental budget resulting in an increased use of fund balance of $45,198. The Civil Process Fee beginning fund balance as of July 1, 2011 was $1,059,128. The Mid-Year recommendation would increase the use of fund balance by $60,000. As of December 31, 2011, the operating budget includes an increase to fund balance of $144,940 in department fund balance/retained earnings. As a result of the recommendation to increase the use of fund balance by $60,000, the Department projects an ending fund balance of $1,144,068 for the Civil Process Fee budget.
Vehicle Theft's beginning fund balance as of July 1, 2011 was $90,075. The Mid-Year recommendation would decrease the use of fund balance by $14,802. As of December 31, 2011, the operating budget includes the use of $104,877 in department fund balance/retained earnings. As a result of the recommendation to decrease the use of fund balance by $14,802, the Department projects an ending fund balance of $0 for the Vehicle Theft budget. It is also recommended that the Auditor-Controller and the Chief Executive Officer be given the authority to transfer appropriations among the Administration, Detention and Operations budgets and to authorize transfers out of the Contract Cities budget to ensure each budget is balanced by year-end. It is further recommended the staffing changes described and outlined in the table above be adopted.

## SUMMARY

Overall, for A Safe Community appropriations are recommended to increase by $359,355 and estimated revenue is recommended to increase by $291,608 funded by $22,549 from an increase in Discretionary Revenue and $45,198 in fund balance/retained earnings.

# A Healthy Community

**COUNTY DEPARTMENTS**

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

# A Healthy Community

## OVERVIEW

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

## DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community as of December 31, 2011, actual revenue is $162.5 million, which represents 37.0% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior two years when collections were 35.7% and 37.7% of the final actual revenue. As of December 31, 2011, expenditures are $192.6 million, representing 42.3% of the budgeted appropriations. Expenditures at the mid-year point of the two prior years were 43.2% and 44.7% of the final annual expenditures, placing this year's expenditures below the range.

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

- Area Agency on Aging – An increase in expenditures of $113,587 and an increase in revenue of $336,623 tied to the Prevention and Early Intervention program;

- Behavioral Health and Recovery Services – An increase in revenue of $3.5 million primarily as a result of transferring the Community Emergency Response Team (CERT) from the Mental Health Services Act (MHSA) and an increase of $1.5 million in expenditures due to an increase to the amount of clients occupying State Hospital beds.

- Behavioral Health and Recovery Services-Alcohol and Drug – An increase of $1.4 million in revenue and an increase of $1.3 million in expenditures are primarily due to providing Narcotic Replacement Therapy Services.

- Behavioral Health and Recovery Services-Managed Care – An increase of $566,581 in revenue is primarily due to an increase in the Managed Care allocation for Fiscal Year 2011-2012 and an increase of $784,976 in expenditures is due to an increase in inpatient hospitalization costs.

- Behavioral Health and Recovery Services-Stanislaus Recovery Center – A decrease of $371,609 in expenditures due to the elimination of the Adult Residential Treatment program at Stanislaus Recovery Center (SRC).

- Behavioral Health and Recovery Services-Mental Health Services Act (MHSA) – A decrease of $4 million in revenues is primarily the result of recognizing MHSA revenues monthly and a decrease of $1 million in expenditures is mainly due to a decrease in contract payments in Fixed Assets;

- Children and Families Commission – An increase in revenue of $401,844 due to an early disbursement of October Prop 10 funds by the State;

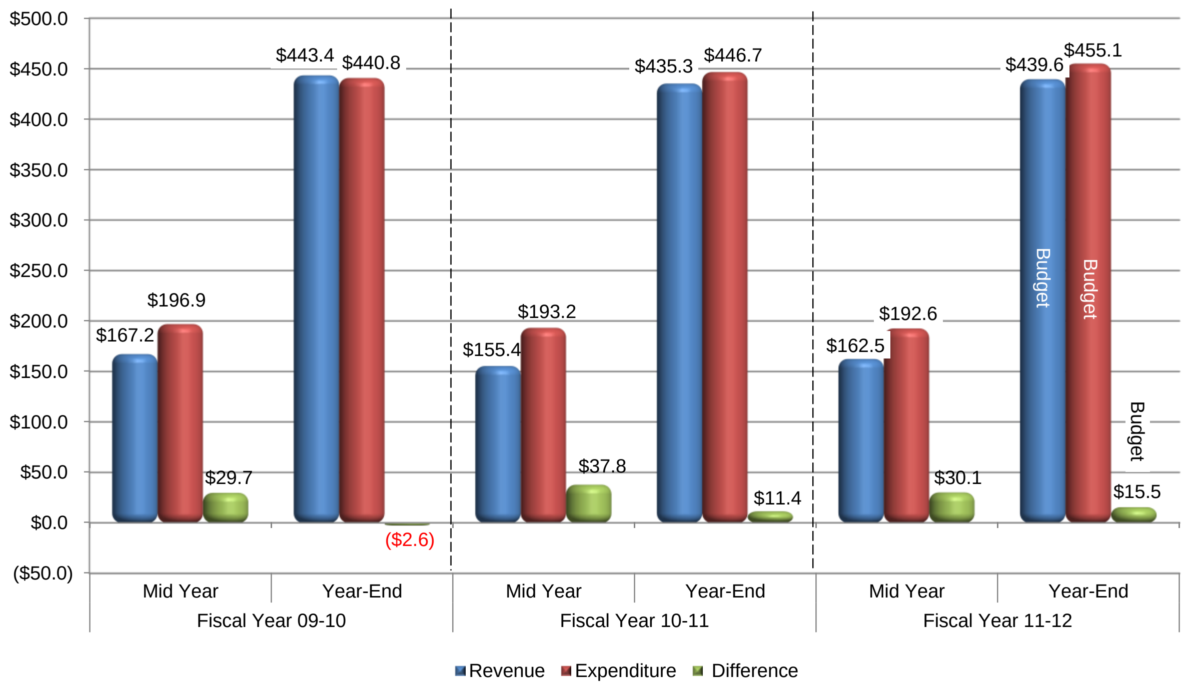
- Department of Child Support Services – An increase in revenue of $3.8 million due to the timing of the transfer of funds for reimbursement of expenditures by the State.

- Community Services Agency – There was not a significant difference in revenue and expenditure for this Agency as compared to the same period last year. However, in the In-Home Supportive Public Authority – Benefits Administration there was a significant increase in revenue of $680,550 due to the timing of State and Federal Reimbursement and a decrease in expenditures of $650,107 primarily due to reduced health insurance premium rates. There was also a decrease in expenditures in General Assistance (GA) of $151,803 due to the 8% reduction to the average grant effective July 1, 2011 and the decrease in GA caseload compared to the prior year.

- Health Services Agency – A decrease in revenue in Public Health of $1 million due to reductions and elimination of several programs: Community Challenge Grant, Community Health Initiative and the Center for Disease Control Public Health Emergency Preparedness cooperative agreement were all reduced, and the Immunization Registry program was eliminated.

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

## A Healthy Community
## Three Year Comparison




The total budgeted revenue funding for the departments assigned to the Board of Supervisors priority area of A Healthy Community for Fiscal Year 2011-2012 is $439.6 million with departmental expenditures budgeted at $455.1 million and the difference of $15.5 million funded through fund balance/retained earnings. Revenue collections have increased by $7.1 million and expenditures have decreased by $0.6 million from Mid-Year 2010-2011.

## MID-YEAR ISSUES AND RECOMMENDATIONS

### AREA AGENCY ON AGING

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

Area Agency on Aging: As part of the Mid-Year Financial Report, the Department is requesting an increase in appropriations and estimated revenue of $76,659 due to a net increase in Federal Older Americans Act funding for senior services and programs of $37,105 and for two grants; one through Community Services Agency (CSA) for $29,554 to provide healthy nutrition and education services to seniors through the Supplemental Nutrition Assistance Program (SNAP-Ed) and a second grant through the National Multiple Sclerosis Society (NMSS) for $10,000.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Area Agency on Aging | $37,105 | $37,105 | $0 | Federal Older Americans Act funding for Senior Services and Programs |
| Area Agency on Aging | $29,554 | $29,554 | $0 | Community Services Agency SNAP-Ed grant |
| Area Agency on Aging | $10,000 | $10,000 | $0 | National Multiple Sclerosis Society (NMSS) grant |
| **Total** | **$76,659** | **$76,659** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations and revenue by $76,659, resulting in no change to the department's fund balance.

## BEHAVIORAL HEALTH AND RECOVERY SERVICES

Behavioral Health and Recovery Services: Effective July 2012, the State Department of Mental Health will no longer exist. Administration of most of the Behavioral Health and Recovery Services (BHRS) funding streams will be, or has been, transferred to the California Department of Health Care Services. With the exception of certain Information Technology issues noted, BHRS is not anticipating any issues as a result of these changes. The Department will continue to monitor the State transition carefully.

In Budget Year 2012-2013, the Early Periodic Screen Diagnosis and Treatment (EPSDT) and Mental Health Managed Care Services become a part of the State's 2011 Realignment allocation. The State is currently in the process of determining an equitable allocation methodology for these programs, both of which are greatly impacted by growth in Medi-Cal eligibility. It is unclear to counties how growth will be factored on an on-going basis as current allocations are solely based on past expenditures; however, the Department is a part of the California Mental Health Directors Financial Services Committee and will continue to watch this issue closely.

Over the past several years, the Department has been in the process of developing and implementing a new electronic health record and billing system. As the implementation progresses, the Department is anticipating that initially, staff productivity will decrease and billing issues will occur. This is consistent with other counties that have implemented the same system. As such, funds have been set aside from departmental fund balance to cover any subsequent lapses in revenue. At the same time that the Department's new system is being implemented, the State is making Federally mandated enhancements to their Medi-Cal billing system, as well as rolling the Departments of Mental Health and Alcohol and Drug Programs into the Department of Health Care Services. BHRS is already experiencing cash flow slow-downs as the State works through their glitches of these transitions. The Department carefully monitors cash-flow and will continue to make adjustments as necessary.

The Department is requesting to increase estimated revenue by $351,151 from increased Mental Health Realignment allocations. Additionally, the Department is requesting to increase estimated revenue by $96,651 in Federal Child Abuse Treatment (CHAT) grant revenue due to an increase in the grant award for 2011-2012.

The Department is requesting a decrease in estimated revenue by $23,947 in Mental Health Parent Partnership and Kinship Support Services Programs due to decreases in contract funding. The decrease in revenue will be absorbed with existing salary savings. It is also requested to decrease estimated revenue in Mental Health Juvenile Justice by $38,157 which was inadvertently included in the 2011-2012 Final Budget. Realignment revenue is the funding source for the required match. With the Board's approval of these recommendations, these budget adjustments will result in an increase of $385,698 in department fund balance.

Alcohol and Drug: The California Department of Alcohol and Drug Programs will be eliminated effective July 1, 2012. The administration of most of the programs within this State Department is being transferred to the State Department of Health Care Services. The Narcotic Treatment Program (NTP) is being transferred to the State Department of Public Health. NTP, also known as Narcotic Replacement Therapy, involves comprehensive treatment using synthetic opiates approved by the United States Food and Drug Administration for opiate dependency, most commonly to heroin. The treatment also involves medical evaluation, medical monitoring, and individual and group counseling. BHRS does not anticipate any impacts to programs as a result of this transfer.

Included in the 2011 Realignment funds is the Department's match for Drug Medi-Cal services. The State established an account to set aside funding to cover growth in the three entitlement programs that were realigned to Counties. However, it is unclear how Counties can access those funds if needed and which programs will have priority. Through the first six months of Fiscal Year 2011-2012, Realignment revenue is slightly above initial estimates. The Department will continue to watch this revenue source.

The Department is requesting to decrease appropriations and estimated revenues by $140,000 due to delays in implementing recommended program changes from the Alcohol and Drug Stakeholder Process. The Department is also requesting an increase in appropriations of $108,076 to accurately reflect the time of staff who oversee programs in Alcohol and Drug Services and Stanislaus Recovery Center. Additionally, the Department is requesting an increase of $100,000 in Medi-Cal revenues in the Genesis program due to increased volumes. With the Board's approval of these recommendations, the Department will increase its use of fund balance by $8,076.

Managed Care: The Department is requesting an increase in appropriations of $798,861 in contracts primarily due to an increase in hospitalization usage. As part of that increase, the Department is requesting authority to make payments of $75,000 in contract expenses for prior year inpatient hospital invoices received in Fiscal Year 2011-2012. The Department is also requesting an increase in estimated revenues of $82,369 due to an increase in the realignment allocation. With the Board's approval of these recommendations, the Department will increase its use of fund balance by $716,492.

Stanislaus Recovery Center: The Department is requesting an increase in appropriations and estimated revenues by $140,000 due to delays in implementing recommended program changes from the Alcohol and Drug Stakeholder Process. Funds will be transferred from the Alcohol and Drug program as outpatient services have been provided by staff of the Stanislaus Recovery Center in the interim.

Mental Health Services Act (MHSA): AB100, enacted in the Spring of 2011, made several changes to how Mental Health Services Act (MHSA) funds are distributed. Prior to Fiscal Year 2011-2012 counties were advanced 75% of their "planning allocations" at the beginning of each fiscal year and then the remaining 25% upon submission of the required annual Revenue & Expenditure Reports due each year on December

31st. Beginning in Budget Year 2012-2013, monthly distributions will be based on the actual amount of dollars collected in the MHSA Fund multiplied by individual county ratios yet to be determined. The California Mental Health Directors Association (CMHDA) has convened a fiscal workgroup to devise a methodology for determining the percentage individual counties will receive and how that funding will be distributed i.e. one monthly lump sum giving counties discretion on how to use vs. by specific MHSA program component, (Community Services and Support, Prevention and Early Intervention, and Innovations). Rather than working with an annual known allocation amount, MHSA revenues will be distributed similar to Realignment funding in that monthly amounts will fluctuate, be very dependent on economic conditions, and become somewhat volatile. Responsibility for most MHSA program components, except Housing, has shifted from the Department of Mental Health (DMH) to the MHSA Oversight & Accountability Committee (OAC). AB100 has allowed counties to drawdown all funds allocated, but not yet requested by counties, via an annual plan to the local level.

The Department is requesting an increase in estimated revenues by $510,020 in MHSA Technological Needs Revenue for the Electronic Health Record and Billing System. Funds were deposited in deferred revenue as the Department did not anticipate spending the full contract. After further analysis, the Department projects that the contract could potentially be fully spent by the end of Fiscal Year 2011-2012. In addition, the Department is requesting a decrease in appropriations and estimated revenues by $752,112 in the MHSA Innovation budget due to delays in evaluating processes and implementing projects. The Department is requesting to increase appropriations by $6,631 and increase estimated revenues by $7,281 in MHSA programs due to a one-time PATH grant increase, a decrease in CSA Kinship grant funding, and equipment purchases for the Family Partnership Center. With the Board's approval of these recommendations, these budget adjustments will result in an increase of $510,670 in department fund balance.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Behavioral Health & Recovery Services | $0 | $351,151 | ($351,151) | Increase Mental Health Realignment revenue due to increase in estimated receipts. |
| Behavioral Health & Recovery Services | $0 | $96,651 | ($96,651) | Increase MH CHAT Grant revenue to reflect increase in allocation. |
| Behavioral Health & Recovery Services | $0 | ($1,916) | $1,916 | Decrease MH Parent Partnership revenue due to decrease in CSA Kinship contract funding. |
| Behavioral Health & Recovery Services | $0 | ($22,031) | $22,031 | Decrease MH Kinship Services revenue due to decrease in CSA Kinship contract funding. |
| Behavioral Health & Recovery Services | $0 | ($38,157) | $38,157 | Decrease MH Juvenile Justice revenue by match amount. |
| BHRS Alcohol and Drug Services | ($140,000) | ($140,000) | $0 | Decrease Revenues and Expenditures due to delays in implementing recommended program changes from the Alcohol and Drug Stakeholder process |
| BHRS Alcohol and Drug Services | $0 | $100,000 | ($100,000) | Increase Drug Medi-Cal revenues in the Genesis program |
| BHRS Alcohol and Drug Services | $108,076 | | $108,076 | Increase Salary and Benefit Expenditures for Manager and support staff who oversee programs in both Fund 1502 and Fund 1505 |
| BHRS Managed Care Services | $798,861 | $0 | $798,861 | Increase contract expenses due to increase in hospitalization usage. |
| BHRS Managed Care Services | | $82,369 | ($82,369) | Increase Managed Care revenue to reflect increase in realignment received. |
| BHRS Mental Health Services Act | $0 | $510,020 | ($510,020) | Increase in estimated MHSA Technological Needs Revenue for Electronic Health Record |
| BHRS Mental Health Services Act | ($752,112) | ($752,112) | $0 | Decrease estimated MHSA Innovation Revenue & Expenditures due to Project 1 put on hold and delays in implementing Projects 2- 10 contracts |
| BHRS Mental Health Services Act | $0 | $650 | ($650) | Increase MHSA Housing Program revenue for a one time PATH grant increase |
| BHRS Mental Health Services Act | $14,364 | $14,364 | $0 | Increase MHSA Families Together program revenue & expenditures for Family Partnership Center equipment purchases |
| BHRS Mental Health Services Act | ($7,733) | ($7,733) | $0 | Decrease MHSA Families Together program revenue & expenditures for decrease in CSA Kinship contract funding |
| BHRS Stanislaus Recovery Center | $140,000 | $140,000 | $0 | Transfer Revenues and Expenditures from Alcohol and Drug due to delays in implementing recommended program changes from the Alcohol and Drug Stakeholder process. |
| **Total** | **$161,456** | **$333,256** | **($171,800)** | |

**Staffing Requests:** The Department is requesting to restore an unfunded Clinical Services Technician II position and reclassify upward to a block-budgeted Mental Health Clinician II. The Turlock Recovery

Services has historically had a full-time Coordinator position. During Fiscal Year 2010-2011, the Turlock Coordinator position was filled on a half-time basis with an extra help employee as a cost savings measure. After eighteen months of assessing the supervision design, it was determined that the regional team cannot fully function without a full-time coordinator on site. It is estimated the full-time coordinator will generate additional Medi-Cal revenues to cover the cost difference of a full-time coordinator position versus an extra-help coordinator. There is no impact to the General Fund associated with this request.

The Department is also requesting to transfer one Mental Health Clinician II from Behavioral Health and Recovery Services to Mental Health Services Act. This technical adjustment will align the position with the current job assignment.

| BEHAVIORAL HEALTH & RECOVERY SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Behavioral Health & Recovery Services | 1 | 8412 | Clinical Services Technician II | Restore unfunded position/Reclassify upward | Mental Health Clinician II block-budget |
| **BHRS CHANGES** | **1** | | | | |
| **Beginning Allocation** | **342** | | | | |
| **Changes in Allocation** | **1** | | | | |
| **Ending Allocation** | **343** | | | | |

| BEHAVIORAL HEALTH & RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Behavioral Health & Recovery Services | -1 | 6879 | Mental Health Clinician II | Transfer out | Transfer to Mental Health Services Act |
| Mental Health Services Act | 1 | 6879 | Mental Health Clinician II | Transfer in | Transfer from Behavioral Health & Recovery Services |

**Summary of Recommendations:** It is recommended to increase appropriations by $161,456 and estimated revenue by $333,256. This will result in a decrease in the use of department fund balance by $171,800. On July 1, 2011, the beginning fund balance for all Behavioral Health and Recovery Services funds was $23,428,085. As of December 31, 2011, the operating budget includes the use of $2,019,726 in department fund balance/retained earnings. As a result of the recommendation to decrease the use of fund balance by $171,800, the Department projects an ending fund balance in all funds of $21,580,159. It is further recommended the staffing changes described and outlined in the table above be adopted.

## CHILD SUPPORT SERVICES

As part of the Adopted Final Budget for Fiscal Year 2011-2012, the Child Support Services budget included $900,000 in contingencies for issues with the Community Support Facility's Heating, Ventilation and Air Conditioning (HVAC) system. The HVAC system is reaching the end of its life expectancy and will need replacement. Currently, the HVAC project is not ready to move forward and it is unlikely to proceed during the remainder of 2011-2012. Based on this delay, the Department is requesting to transfer $900,000 from its contingency account to be used for other important projects, including IT infrastructure and an advanced automated customer service solution. A total of $272,500 is recommended to be transferred into Fixed Assets for hardware and equipment to support these projects.

The most significant project to be funded by this transfer is an advanced automated customer service solution which will allow customers, via the Department's public website, the ability to securely communicate with caseworkers and to submit forms online. The customer service solution supports the Department's strategy to expand outreach efforts and enhance early intervention with customers. As employers play a critical role in the collection of child support, an employer portal will also provide an efficient way to communicate with the department, and to submit income withholding and Medical Support response forms electronically and securely.

Approval of this transfer will have no impact on the General Fund.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Child Support Services | ($74,600) | $0 | ($74,600) | Transfer existing appropriations from Salaries and Benefits to Fixed Assets for State approved HP G7 servers. |
| Child Support Services | $74,600 | | $74,600 | Transfer to Fixed Assets from Salaries and Benefits for State approved HP G7 servers. |
| Child Support Services | ($702,100) | | ($702,100) | Transfer existing appropriations from Contingencies for IT infrastructure, an advanced automated customer service solution and performance improvement projects. |
| Child Support Services | $702,100 | | $702,100 | Transfer existing appropriations from Contingencies for IT infrastructure, an advanced automated customer service solution and performance improvement projects. |
| Child Support Services | ($197,900) | | ($197,900) | Transfer existing appropriations from Contingencies to Fixed Assets for customer service solution hardware, and IT infrastructure equipment, and ongoing maintenance efforts. |
| Child Support Services | $197,900 | | $197,900 | Transfer to Fixed Assets from Contingencies for customer service solution hardware, and IT infrastructure equipment, and ongoing maintenance efforts. |
| **Total** | **$0** | **$0** | **$0** | |

**Staffing Requests:** The Department is requesting to delete three vacant Account Clerk III positions. As the result of automation changes the need for clerical and accounting staff has decreased, allowing the Department to achieve its optimum level of account clerks. Deleting the positions will also create salary savings. The Department is also requesting to unfund one Legal Clerk IV and two Legal Clerk III positions for additional salary savings. The Department is further requesting to reclassify upward three Legal Clerk IV positions to block-budgeted Child Support Officer II positions. The work performed by the Child Support Officer classification directly impacts the Department's performance ratings in the Five Federal Performance Measures which are used to determine cost to collections ratios, ultimately affecting funding. In addition, the Child Support Officer classification offers more versatility, enables the Department to assign work on a broader spectrum and minimizes the use of overtime. Funding for the positions is available minimally through Fiscal Year 2013-2014. Overall, the position changes result in a reduction of six allocated positions.

| DEPARTMENT OF CHILD SUPPORT SERVICES STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Child Support Services | -3 | 7327, 9776, 10082 | Account Clerk III | Delete vacant positions | Delete positions |
| | -1 | 10327 | Legal Clerk IV | Unfund vacancy | Unfund vacant position |
| | -2 | 3100, 10104 | Legal Clerk III | Unfund vacancies | Unfund vacant positions |
| DCSS CHANGES | -6 | | | | |
| Beginning Allocation | 165 | | | | |
| Changes in Allocation | -6 | | | | |
| Ending Allocation | 159 | | | | |

| DEPARTMENT OF CHILD SUPPORT SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Child Support Services | 3 | 3004, 6242, 9228 | Legal Clerk IV | Reclassify upward | Child Support Officer II block-budget |

**Summary of Recommendations:** It is recommended to transfer $900,000 from Appropriations for Contingencies into Fixed Assets, Salaries and Benefits, and Services and Supplies. This transfer results in no changes to the departmental fund balance. It is further recommended the staffing changes described and outlined in the table above be adopted.

## CHILDREN AND FAMILIES COMMISSION

As part of the Mid-Year Financial Report, the Department is requesting to increase revenue by $8.5 million to offset the reduction of revenue that was included in the 2011-2012 Adopted Final Budget. This reduction was based upon the anticipated enactment of Assembly Bill 99 (AB-99) which directed that 50% of the Commission's reserves be sent back to the State. Subsequently, an independent audit was performed that recommended the $8.5 million be booked as a liability rather than a revenue reduction. Consequently, the Department is requesting to increase estimated revenue to comply with the auditor's recommendation.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Children and Families Commission | $0 | $8,500,000 | ($8,500,000) | Increase miscellaneous revenue to cancel out budgeted revenue reduction. |
| | $0 | $0 | $0 | |
| **Total** | **$0** | **$8,500,000** | **($8,500,000)** | |

**Staffing Requests:** The Children and Families Commission contracts with Stanislaus County for personnel services. The Commission is requesting that the County delete from its position allocation one vacant Staff Services Coordinator position and one filled Staff Services Coordinator position, which will result in a Reduction-in-Force action. The deletion of the positions is due to a decline in State grants and the tobacco tax revenue stream, and a reduction in the number of contracts with community partners. The three Staff Services Coordinator positions the Department currently funds are assigned contract monitoring and evaluation responsibilities. Due to the reduced workload in contract monitoring and evaluation, two of the three positions will be impacted. The Reduction-in-Force will be effective June 30, 2012.

| CHILDREN & FAMILIES COMMISSION STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Children & Families Commission | -1 | 10683 | Staff Services Coordinator | Delete filled position | Delete position/Reduction-in-Force effective 06/30/12 |
| | -1 | 10912 | Staff Services Coordinator | Delete vacant position | Delete position |
| **CHILDREN & FAMILIES COMMISSION CHANGES** | **-2** | | | | |
| **Beginning Allocation** | **7** | | | | |
| **Changes in Allocation** | **-2** | | | | |
| **Ending Allocation** | **5** | | | | |

**Summary of Recommendations:** It is recommended to increase revenue by $8.5 million. It is further recommended the staffing changes described and outlined in the table above be adopted.

## COMMUNITY SERVICES AGENCY

As the local community continues to struggle with an unemployment rate of approximately 18%, the need for public assistance in all social welfare programs continues, with 1 in every 3 people in Stanislaus County receiving some form of public assistance. Although the huge growth in caseload seen in the past two years has slowed somewhat, caseloads are still increasing as people seek help with food, shelter, cash assistance and employment. Three year growth trends for those served as of September 2011 show a 9.8% increase in CalWORKs, a 72.2% in CalFresh (Food Stamps) and a 14% increase in Medi-Cal. With this increased need for public assistance, State and Federal allocations supporting CalFresh Food Stamps and Medi-Cal have seen significant growth. Although this may seem counter-intuitive given that our local economy and County budget have seen considerable reductions in revenue, it is this very economic downturn that has increased State and Federal funding to support this need.

The Community Services Agency (CSA) is requesting an overall increase of $4.1 million across all CSA budgets which is supported by Federal/State allocations and/or receipt of one-time 1990-1991 realignment growth funds and fund balance. With the Board's approval of these recommendations, CSA base budget will total $263.7 million, an increase of 1.6%.

<u>Services and Support:</u> The Department has completed a thorough mid-year review of financial operations and has identified no issues requiring budgetary adjustment for this budget at this time. The Department is requesting however, to add 18 new casework positions and restore funding for 1 casework position for a total of 19 positions effective April 1, 2012. The customer need for assistance continues to increase and requires that staff be available to respond to meet the mandated workload. These positions will be supported with StanWORKs programs allocation funding provided by the State. These StanWORKs funds are ongoing and can support the sustainability of the new positions within current allocations. If these positions are approved, the Department will still be eleven positions below its highest staffing level of 955, achieved in the Fiscal Year 2008-2009 Final Budget.

As the Department continues to serve increased demands for services, space allocations within the Community Services Facility are under review to ensure that all departments housed within the facility (Community Services Agency, Department of Child Support Services, Alliance Worknet and the Women, Infant and Childrens (WIC) program of the Health Services Agency) have sufficient space for their workload needs. It is anticipated that CSA will need additional space in the very near future. The WIC program is looking to improve its location in proximity to its customer base and will ensure partnership opportunities exist in the event a relocation occurs.

The original 1990-1991 Social Services Realignment revenue projections remain consistent with First Quarter Budget at $1,779,130. Although an upward trend is currently experienced in Realignment cash receipts, only 4 months of Realignment revenue has been received and it is too early to confidently update the projections. After four fiscal years in which growth funding was non-existent, unanticipated prior year realignment growth funds were received October in the amount of $294,747 for Child Welfare Services (CWS). Due to the ongoing statewide shortfalls in revenue for CWS case management, there are no budget adjustments at mid-year to increase CWS with realignment funds; CSA will recommend the dedication of the growth funding specific to CWS at Third Quarter. These growth funds represent a one-time benefit, and the State Controller has increased the county realignment base by the corresponding amount. Whether or not statewide sales tax receipts will materialize to achieve statewide base remains a question and no adjustment to base is recommended at this time. Continued evaluation of anticipated Realignment revenue will take place in the Third Quarter Budget analysis to determine if an adjustment is required.

The Department plans to implement two new Child Welfare Foster Care prevention strategies to better serve at risk youth and families and to mitigate some Foster Care cost exposure. These program services initiatives will be supported within the current level of Child Welfare Services program funding; there is no additional impact to the County General Fund resulting from these contracts. A brief description of these strategies is as follows:

- Intensive Family Maintenance Wraparound Services: This service will provide intensive in-home wraparound services to children/youth at risk of foster care entry in high levels of care, due to significant behavioral challenges. Intensive Family Maintenance Wraparound Services will provide the same Wraparound services they would likely receive in foster care, while still at home in order to prevent foster care entry.

- Signs of Safety (SOS) Coaching: Child Protective Services will be implementing another aspect to the safety and risk assessment system, known as Signs of Safety. Using these new techniques, social workers will complete intensive safety planning with the parents of abused and neglected children in order to prevent foster care entry.

Mid-year projections do not include the potential for a Work Participation Rate (WPR) penalty due to the uncertainty of the final Federal review. Given the current economic downturn and double digit unemployment rate in Stanislaus County and the immediate region, meeting the State and Federal requirements for WPR has been a difficult challenge for the Department in the past few years. Stanislaus County's WPR for Federal Fiscal Year 2009 was 12.1% for All Families as compared to the statewide average of 29.2%. The Stanislaus County WPR for Two Parent Families was 11.6% as compared to the statewide average of 32.5%. Federal mandates for WPR for 2009 are 29% for All Families and 90% for Two Parent Families. In order to increase the local work participation rate and focus on customer needs, the StanWORKs Division team is in an early implementation stage of a Welfare to Work (WTW) redesign. Although specific systems improvements have not yet been identified for this Fiscal Year, the focus will be on engagement or services to better assist families reach self-sufficiency. The Department will provide updates as to the status of WPR and any possible penalty as more information becomes available.

Public Economic Assistance: The Department is requesting to decrease appropriations by $867,463 which represents the net of increases and decreases in aid programs consistent with current trends in caseload and grants. Although the Department is requesting to decrease this budget overall from the current budget level, a critical funding still exists for the Foster Care (FC) program due to lack of local match. Mid-year program savings in aid programs with relatively low county share match requirements cannot cover the FC need in which the County share match requirement was 42.6% and has increased to 70.2% with the implementation of 2011 Realignment. The Department has identified full County General Fund support of the mandated County need to be $5,294,327 which represents an increase of $2.9 million in net county costs. This will be reviewed at Third Quarter.

CalWORKS: The Department is requesting to increase appropriations by $60,820 and estimated revenue of $59,299 with the use of $1,521 of Departmental fund balance to meet current CalWORKS program needs. Senate Bill 72 (SB72) reduced time limits from 60 to 48 months for adults, reduced income disregards, and adopted an Incremental Grant Reduction (IGR) for some CalWORKs Child Only Cases decreasing the CalWORKs caseloads. This caseload reduction is anticipated to be offset as high State and local unemployment continue, as well as increased numbers of the unemployed exhaust their full 99 weeks of unemployment insurance.

Foster Care: The Department is requesting to increase appropriations by $1,375,894 and estimated revenue by $1,042,383 with the use of $333,511 of fund balance to meet current Foster Care program needs. The appropriation total need is $15,391,891, a $5,530,618 increase from the Fiscal Year 2011-2012 Legal Budget level of $9,861,273, however, due to a shortfall of General Fund Match to meet the mandated county share, the appropriation level factored for Mid-year is $11,237,167; this represents the requested increase in appropriations of $1,375,894. Although the growth trend in Foster Care has slowed, the Department continues to experience significant caseload fluctuations each month due to emergency situations that arise and large sibling group needs for out-of-home placement. A significant contributor to increased Foster Care costs is legislated and/or court-ordered increases to the monthly grant. Average monthly grants in Fiscal Year 2009-2010 were approximately $1,589.72 per child; at Mid-year these grants are estimated at $2,315.27. With the implementation of Phase 1 of Assembly Bill 12 (AB 12) on January 1, 2012, FC caseloads and benefits are expected to increase as youth will receive extended Foster Care benefits beyond the age of 18. It is important to note that the growth trend and forecast for the FC program is contingent on maintaining current case management efforts within the Child and Family Services Programs. The Department will monitor child safety issues closely and report back to the Board by Third Quarter if additional foster care funding will be required.

Adoption Assistance Program: The Department is requesting a decrease in appropriations of $2,046,803 and estimated revenue of $1,860,826 resulting in the decreased use of $185,977 in fund balance for the Adoption Assistance Program (AAP). This is primarily due to the decrease in the average grant related to State instruction that only prospective AAP cases are eligible to the Foster Family Home (FFH) court ordered rate increase.

Cash Assistance Programs: The Department is requesting a decrease in appropriations of $257,374 and estimated revenue of $256,087 resulting in the decreased use of fund balance of $1,287 for the Cash Assistance Program for Immigrants (CAPI), Refugee and Kin-GAP as a result of reduced caseloads and the average grant amount received by clients.

The Department is requesting an increase in estimated revenue of $55,109 as the result of prior year 1990-1991 Realignment Growth revenue. The original 1990-1991 Realignment and Vehicle License Fees continue to be budgeted at $5,271,940. On September 20, 2011, the Board of Supervisors approved the Community Corrections Plan required by Assembly Bill 109 (AB 109) Public Safety Realignment. AB 109 Public Safety included three realigned social services programs; Foster Care, Adoptions Assistance Program (AAP), and Transitional Housing Program – Plus (THP-Plus). The 2011 Realignment replaced State General Fund allocations and monthly cash advances with monthly sales tax distribution based on statewide formulas established in the AB 118 legislation. Total 2011 Realignment is budgeted at $7,482,920: FC at $3,375,177, AAP at $3,782,496, and THP-Plus at $325,247. Through AB 109, 2011 Realignment legislation, the former 1990-1991 Mental Health Realignment Trust Fund was rededicated to replace State General Fund for the new CalWORKs Assistance Maintenance of Effort (MOE). CalWORKS assistance continues to require the current 2.5% county share for all aid payments. At this time there is no County General Fund impact related to the new MOE.

In-Home Supportive Services (IHSS) Public Authority Administration: This budget supports the In-Home Supportive Services (IHSS) Public Authority, a separate legal entity created by the Board of Supervisors that exercises public and essential government functions and has all powers necessary and convenient to carry out the provider components of IHSS. The Department is requesting a decrease in appropriations and estimated revenue of $45,994 for this budget due to salary savings in contracted staff positions and a reduction in fingerprint fees.

In-Home Supportive Services – Benefits Administration: This budget includes the direct costs of the Individual Provider (IP) medical benefits plan only. There are no administrative costs associated with In-Home Supportive Services (IHSS) medical benefits accounted for within this budget. The Department is requesting to increase appropriations by $275,423 and estimated revenue by $270,865, and the use of departmental fund balance of $4,558 to reduce the IHSS medical benefit exposure. At Proposed Budget, IHSS benefit projections were not fully funded. Since then, one-time revenues have been identified. Receipt of realignment funds in excess of funds anticipated for the month of June 2011 resulted in prior year fund balance in the amount of $4,558. In addition, $43,882 in realignment growth funds were received. The Department is requesting to use these funds to reduce the IHSS medical benefits exposure. The use of prior year fund balance and realignment growth funds allows for drawdown of an additional $226,983 in Federal and State revenues. This will reduce the County share exposure from $133,642 reported at Proposed Budget to $85,202 projected at Mid-year. In addition, the balance of the savings to County share is offset by a small increase to authorized hours, consistent with recent IHSS trends. This increased the exposure by $2,283 to $87,485.

In-Home Supportive Services (IHSS) Provider Wages: The CSA IHSS Provider Wages budget supports the In-Home Supportive Services (IHSS) program which is a mandated entitlement program operated through the Individual Provider (IP) mode. Under the current approved labor agreement with United Domestic Workers of America (UDWA), IHSS Provider wages are budgeted at $9.38 per hour. This agreement was approved by the Board of Supervisors on May 24, 2011, extended for eight months on October 11, 2011 and expires on May 31, 2012. County staff will be meeting with UDWA representatives to begin the collective bargaining process no later than March 1st, 2012 to discuss the new agreement period.

The IHSS Provider Wages budget needs exceed the budget appropriations of $39,424,536 due to a shortfall of local match to meet the program mandates. As a result, the projection factored for this budget at Mid-year is discounted to remain balanced at the level the County General Fund Match can support.

The Mid-year projection of $44,164,804 cannot meet the actual IHSS Wage need of $50,653,065. This represents a critical need of $6,488,261 for which the local match need is $1,141,123. At the base budget level of funding, the Department can support only 87.2% of the 2011-2012 Mid-Year IHSS Wage program.

At Proposed Budget, IHSS wages projections were not fully funded. Since then, one-time revenues have been identified. Receipt of realignment funds in excess of funds anticipated for the month of June 2011 resulted in prior year fund balance in the amount of $79,367. In addition, realignment growth funds were received in the amount of $754,328. The Department is requesting to use these funds to reduce the IHSS wages exposure. The use of prior year fund balance and realignment growth funds allows for drawdown of an additional $3,906,573 in Federal and State revenues. This will reduce the County share exposure from $1,936,006 reported at Proposed Budget to $1,102,311 projected at Mid-year. In addition, the balance of the savings to County share is offset by a small increase to authorized hours, consistent with recent IHSS trends. This increased the exposure by $38,812 to $1,141,123.

The Department recognizes significant reliance on one-time balancing solutions to meet the County share requirement of IHSS Wages. The actual outcome of State budget changes affecting IHSS recipient hours, and the approval of a Community First Choice Option which would provide enhanced Federal funding and reduce the County exposure, is unknown. The Department will review the impacts in future budget cycles and recognize any significant budgetary savings to mitigate the unmet need. Even with this new level of budget authority, the Department projects that they will not end the Fiscal Year within budgeted appropriations or estimated revenues.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| CSA-Public Economic Assistance | $60,820 | $59,299 | $1,521 | Increase appropriations and estimated revenues for CalWORKs to meet current program needs and reclassify State GF to CalWORKs MOE |
| CSA-Public Economic Assistance | $1,375,894 | $1,042,383 | $333,511 | Increase appropriations and estimated revenues for Foster Care to meet current program needs and reclassify State GF to 2011 Realignment |
| CSA-Public Economic Assistance | ($2,046,803) | ($1,860,826) | ($185,977) | Decrease appropriations and estimated revenues for Adoptions to meet current program needs and reclassify State GF to 2011 Realignment |
| CSA-Public Economic Assistance | ($257,374) | ($256,087) | ($1,287) | Decrease estimated appropriations and revenues for CAPI and Kin-GAP to meet current program needs and decrease in revenue in THP Plus and reclassify State GF to 2011 Realignment |
| CSA-Public Economic Assistance | | $55,109 | ($55,109) | Increase estimated revenues to recognize Prior Year Realigned Sales Tax Revenue |
| CSA - Public Authority Administration | ($45,994) | ($45,994) | $0 | Decrease appropriations and estimated revenues due to salary savings in contracted staff positions, reduction in fingerprint fees. |
| CSA - Public Authority Benefits Administration | $275,423 | $270,865 | $4,558 | Increase appropriations and estimates revenues for Benefits Administration consistent with existing MOU and corresponding Federal/State Revenue and dedication of fund balance |
| CSA - IHSS Provider Wages | $4,740,268 | $4,660,901 | $79,367 | Increase appropriations and estimated revenues for IHSS Provider Wages Federal/State Revenues and the dedication of fund balance |
| **Total** | **$4,102,234** | **$3,925,650** | **$176,584** | |

**Staffing Requests:** The Department is requesting to restore one unfunded Social Worker IV position and reclassify downward to a Family Services Specialist III. The Department is also requesting to add the following (18) eighteen new positions:
(2) Two new Special Investigator II block-budgeted at the I/II level
(1) One new Family Services Supervisor
(15) Fifteen new Family Services Specialist II block-budgeted at the I/II level

The additional positions are needed to adequately address the increased customer need, meet the mandated workloads, and ensure program and agency integrity in the key areas of StanWORKs and Special Investigations. The position requests are sustainable into the coming years due to caseload growth driving the allocations higher. The new positions will be funded with 100% Federal and State CalWORKs administration, CalFresh and Medi-Cal program allocations with no additional County share of cost. The Department will still be 11 positions below its highest staffing level of 955 achieved in the Fiscal Year 2008-2009 Final Budget.

| COMMUNITY SERVICES AGENGY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Services and Support | 1 | 8184 | Social Worker IV | Restore unfunded position/Reclassify downward | Family Services Specialist III |
| | 2 | NEW | Special Investigator II | Add new positions | Special Investigator II block-budget |
| | 1 | NEW | Family Services Supervisor | Add new position | Family Services Supervisor |
| | 15 | NEW | Family Services Specialist II | Add new positions | Family Services Specialist II block-budget |
| **CSA CHANGES** | **19** | | | | |
| **Beginning Allocation** | **925** | | | | |
| **Changes in Allocation** | **19** | | | | |
| **Ending Allocation** | **944** | | | | |

**Summary of Recommendations:** It is recommended to increase appropriations by $4,102,234 and estimated revenue by $3,925,650. This will result in an increase in the use of fund balance of $176,584. On July 1, 2011, the beginning Fund Balance for all CSA funds was $774,468. As of December 31, 2011, the operating budget includes the use of $127,553 in department fund balance/retained earnings. As a result of the recommendation to increase the use of fund balance by $176,584, the Department projects an ending fund balance in all funds of $470,331. It is further recommended the staffing changes described and outlined in the table above be adopted.

## HEALTH SERVICES AGENCY

Overall, the Health Services Agency is in a positive fiscal position at the mid-year point; with the exception of a continued projected shortfall in the Medically Indigent Adult (MIA) program as a result of changes in patient liability and increased utilization by those who qualify as Medically Indigent Adults.

Indigent Health Care Program: As part of the 2011-2012 Adopted Proposed Budget, the Health Services Agency identified a significant exposure of $2.9 million in the current year for the Medically Indigent Adult (MIA) program that remains unfunded. This exposure is the result of increased utilization and program changes pertaining to patient liability approved by the Board of Supervisors and implemented over time since March 2010. The Department anticipates having sufficient retained earnings available in its Clinics and Ancillary Services budget to fund this exposure, as a result of receiving the Federally Qualified Health Center Look-Alike (FQHC-LA) designation which increased the Department's Medi-Cal Perspective Payment System (PPS) rate. The Department will return to the Board as part of the Third Quarter Financial Review with recommendations to ensure this budget ends the year in a positive position.

Public Health Vital and Health Statistics: The Department is requesting an increase in appropriations of $8,000 in the HSA Public Health Vital and Health Statistics budget due to an unanticipated equipment purchase. The Department is unable to repair an existing stamp sealer; the purchase of a new stamp sealer is considered a "Vital Records Improvement." As such, the purchase is fundable by revenue collected in this budget in accordance with California Health and Safety Code section 103640. Departmental fund balance is available for the purchase.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| HSA Public Health Vital and Health Statistics | $8,000 | $0 | $8,000 | Increase Appropriations For Operating Transfers Out |
| **Total** | **$8,000** | **$0** | **$8,000** | |

**Staffing Requests:** The Department is requesting classification studies of an Accountant II position in Administration and a Manager II position in Clinics and Ancillary. A recommendation to study the positions is being made.

| HEALTH SERVICES AGENCY TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Administration | 1 | 2288 | Accountant II | Classification Study | Study |
| | | | | | |
| Clinics and Ancillary | 1 | 10163 | Manager II | Classification Study | Study |

**Summary of Recommendations:** It is recommended to increase appropriations by $8,000. This will result in an increase in the use of department fund balance by $8,000. On July 1, 2012, the beginning fund balance for all Health Services Agency funds was negative $8,060,912. As of December 31, 2011, the operating budget includes the use of $669,783 in department fund balance/retained earnings. As a result of the recommendation to increase the use of fund balance by $8,000, the Department projects an ending fund balance in all funds of negative $8,738,695. It is further recommended the staffing changes described and outlined in the table above be adopted.

## SUMMARY

Overall, appropriations and estimated revenue for A Healthy Community are recommended to increase $4,348,349 and $4,335,565 respectively, funded by $12,784 of departmental fund balance/retained earnings. This amount does not include the technical adjustment in the Children and Families Commission's budget of $8.5 million reflected as an increase in revenue.

# A Strong Local Economy

**COUNTY DEPARTMENTS**

Alliance Worknet
Library

# A Strong Local Economy

## OVERVIEW

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

## DEPARTMENTAL REVENUES AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of December 31, 2011, actual revenue collected is $9.8 million, which represented 38.4% of the estimated annual revenue. This is within the range when compared to the mid-year point of the prior two years when collections were 35% and 40.6% of the final actual revenue. As of December 31, 2011, expenditures are $10.7 million, representing 40.9% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were 43.4% and 49.3% of the final actual expenditures, placing this year's expenditures below the range.

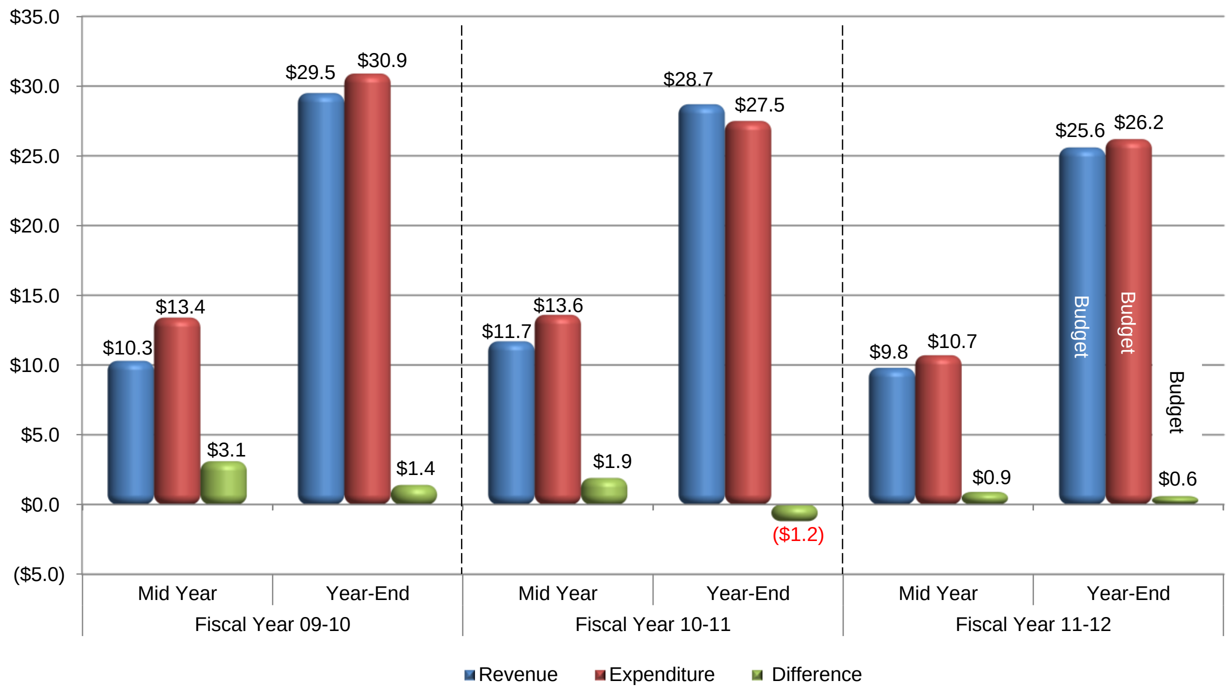
Significant variations this year, compared to the same time period one year ago include:

- Alliance Worknet and Alliance StanWORKs – A decrease of $2.1 million in revenue and $2.8 million in expenditures compared to mid-year of the prior year is due to the loss of three special grants that ended on June 30, 2011 to provide employment and training services to the community and reduction in American Recovery and Reinvestment Act (ARRA) funding from Community Services Agency for Welfare-to-Work services; and

- Library – An increase in revenues of approximately $302,800 compared to the same period last year is due to a combination of receipt of prior year's sales tax revenues and the loss of California Library Literacy Service (CLLS) funding.

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

## A Strong Local Economic
## Three Year Comparison




The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Strong Local Economy for Fiscal Year 2011-2012 is $25.6 million with departmental expenditures budgeted at $26.2 million and the difference of $600,000 funded through the use of General Fund contributions and fund balance. Department revenue is down by $1.9 million and expenditures by $2.9 million from mid-year 2010-2011.

## MID-YEAR ISSUES AND RECOMMENDATIONS

### ALLIANCE WORKNET

**Staffing Requests:** The Department is requesting to delete a vacant unfunded Storekeeper II position. The position is no longer needed to conduct day to day business. Salary savings have already been realized since the position was unfunded at the beginning of Fiscal Year 2011-2012.

| ALLIANCE WORKNET TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Alliance Worknet | 1 | 7562 | Storekeeper II | Delete vacant unfunded position | Delete unfunded position |

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

**LIBRARY**

The Library has requested to increase appropriations by $331,860 for full-time and part-time salaries, employee retirement cash-outs, utilities, information technology, and other operating costs. The Library also requests an increase in estimated revenue of $514,860 due to prior year sales tax collections and a $20,000 donation from the Library Foundation for the purchase of eBooks. The net increase in revenue also includes a decrease in State funding due to the elimination of California Library Literacy Service (CLLS) funding. The Library mid-year adjustments will result in a net increase to revenue that will be used to reduce the amount of fund balance needed to bridge the budget gap this fiscal year by $183,000. On-going savings are necessary in order to continue to offset operating costs in the upcoming years.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Library | $189,997 | $0 | $189,997 | Increase in appropriations for salaries and retirement cashouts. |
| Library | $128,942 | $0 | $128,942 | Increase in appropriations for increases in services & supplies. |
| Library | $12,921 | $0 | $12,921 | Increase in appropriations for Self Insured General Liability and Commercial Insurance. |
| Library | | $629,742 | ($629,742) | Increase in revenue for prior years sales tax receipts. |
| Library | | ($134,882) | $134,882 | Decrease in State funding due to the elimination of CLLS funding. |
| Library | | $20,000 | ($20,000) | Increase in donations from Library Foundation for eBooks purchase. |
| **Total** | **$331,860** | **$514,860** | **($183,000)** | |

**Summary of Recommendations:** It is recommended to increase appropriations in the amount of $331,860 and estimated revenue in the amount of $514,860. This will result in a decrease in the use of department fund balance by $183,000. On July 1, 2011, the beginning fund balance was $4,690,726. As of December 31, 2011 the operating budget includes the use of $287,437 in department fund balance. As a result of these recommendations the Department projects an ending fund balance of $4,220,289.

**SUMMARY**

Overall, appropriations and estimated revenue for A Strong Local Economy are recommended to increase by $331,860 and $514,860 respectively resulting in the decreased use of $183,000 in departmental fund balance. The increase in appropriations and estimated revenue is attributable primarily to an increase in the use of part-time staff, increased operating costs and receipt of prior year sales tax receipts.

# A Strong Agricultural Economy/Heritage

**COUNTY DEPARTMENTS**

Agricultural Commissioner
Cooperative Extension

# A Strong Agricultural Economy/Heritage

## OVERVIEW

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

## DEPARTMENTAL REVENUE AND EXPENDITURES

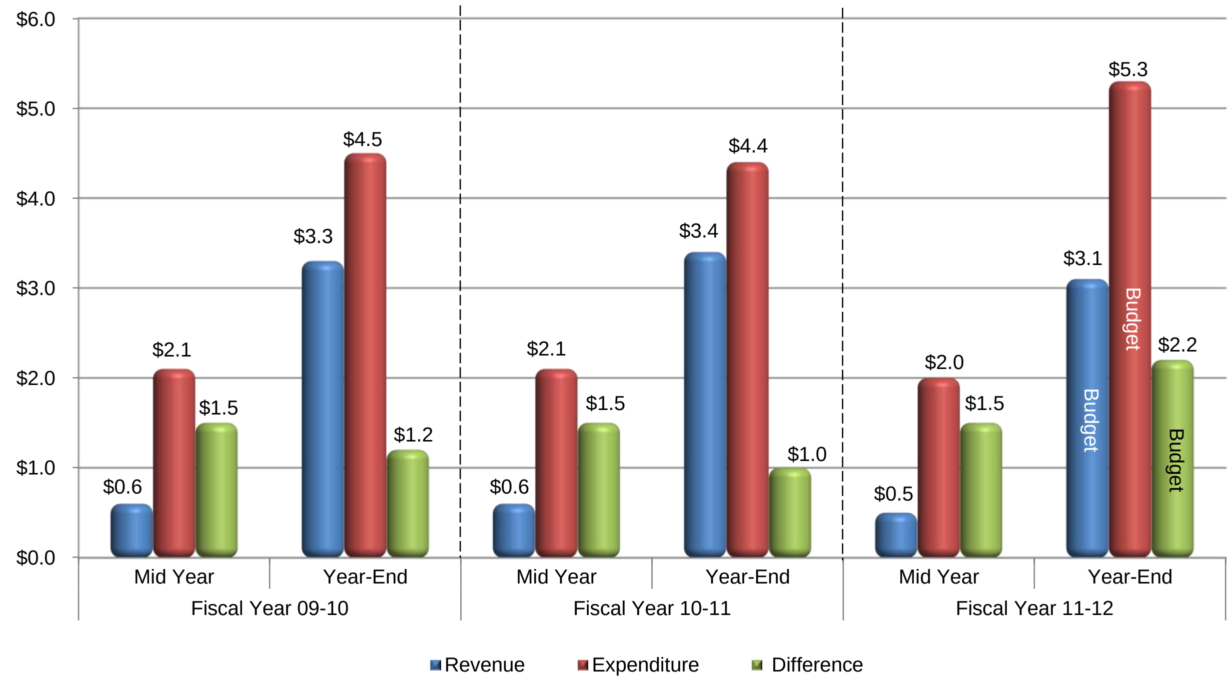
For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of December 31, 2011 actual revenue collected is $460,803, which represents 14.7% of the estimated annual revenue. This is below the range when compared to the mid-year point of the prior two years when collections were 18.3% and 19% of the final actual revenue. As of December 31, 2011, expenditures are $2 million, representing 38.7% of the budget appropriations. Expenditures at the mid-year point of the prior two years were 47.1% and 48.4% of the final actual expenditures, placing this year's expenditures below the range.

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

- Agricultural Commissioner's Office – The decrease in revenue and expenditures of $179,687 and $55,605 is due to reductions in the State contract for pest detection services and the timing of receipt of State reimbursements.

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

### A Strong Agricultural Economy/Heritage
### Three Year Comparison




The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage for Fiscal Year 2011-2012 is $3.1 million, with departmental expenditures of $5.3 million. The difference of $2.2 million is funded through a General Fund contribution and the use of fund balance. Department revenue and expenditures are in line with last fiscal year at the mid-point of the year.

## MID-YEAR ISSUES AND RECOMMENDATIONS

### AGRICULTURAL COMMISSIONER

During the Proposed Budget for Fiscal Year 2011-2012, the Agricultural Commissioner's Office requested a classification study be conducted for one Account Clerk III position. The request was made by the Agricultural Commissioner to ensure that the position was correctly classified in light of the current duties and responsibilities being performed and the recent staffing changes and technological efficiencies instituted within the administrative office. In recent years, the Account Clerk III position has served as back-up to the duties and tasks performed by the Confidential Assistant IV. Therefore, in addition to having an accounting focus, the Account Clerk III is also expected to perform tasks in the areas of budget, finance and human resources. Both positions are critical to supporting the administrative needs of the Agricultural Commissioner.

Additionally, as part of the mid-year review, the Agricultural Commissioner conducted a thorough analysis of its current expenditures and revenue and made projections through the end of the fiscal year. Although the Department anticipates ending the year within budget, it did identify a potential need to transfer appropriations within accounts (and possibly from Fixed Assets at an amount above $10,000 that requires Board approval). As such, the Department may need to return with a request to transfer appropriations during the Third Quarter Financial Report.

When adopted, the Agricultural Commissioner's Fiscal Year 2011-2012 budget assumed the use of a portion of the carry over savings from the prior two fiscal years—approximately $856,000. Due to unanticipated salary savings that were realized in the current fiscal year through vacant positions, the Department instead plans to keep the full carry over amount intact and instead bring it forward in Fiscal Year 2012-2013 to assist with any budget shortfalls.

**Staffing Requests:** As mentioned above, the Chief Executive Office received a request as part of the 2011-2012 Proposed Budget to complete a classification study of an Account Clerk III position. This position is currently performing much of the support work in human resources, budget, and payroll for the Department. As a result after the completion of the study, it is recommended to reclassify the position to Confidential Assistant II.

| AGRICULTURAL COMMISSIONER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Agricultural Commissioner | 1 | 3429 | Account Clerk III | Reclassify upward | Confidential Assistant II |

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

## SUMMARY

It is recommended that the Account Clerk III position be reclassified upward as a Confidential Assistant II.

# A Well Planned Infrastructure System

**COUNTY DEPARTMENTS**

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

# A Well Planned Infrastructure System

## OVERVIEW

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

## DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of December 31, 2011, actual revenue collected is $33.2 million, which represents 37% of the estimated annual revenue. This is lower than the range when compared to the mid-year point of the prior two years when collections were 43.1% and 45.4% of the final actual revenue. As of December 31, 2011, expenditures are $48.1 million, representing 39.7% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were 51.7% and 46.6% of the final actual expenditures, placing this year's expenditures lower than the range.

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

- Department of Environmental Resources - Geer Road Landfill – A decrease in revenue compared to the same period last year in the amount of $1.9 million due in large part to an operating transfer out for an anticipated capital project in Fiscal Year 2010-2011 which was deferred;

- Department of Environmental Resources - Waste-to-Energy Program – A decrease of $3.2 million in revenue and an increase in expenditures of $11.5 million compared to mid-year of the prior year resulting from the change of this budget from a special revenue fund to an agency fund in the current fiscal year;

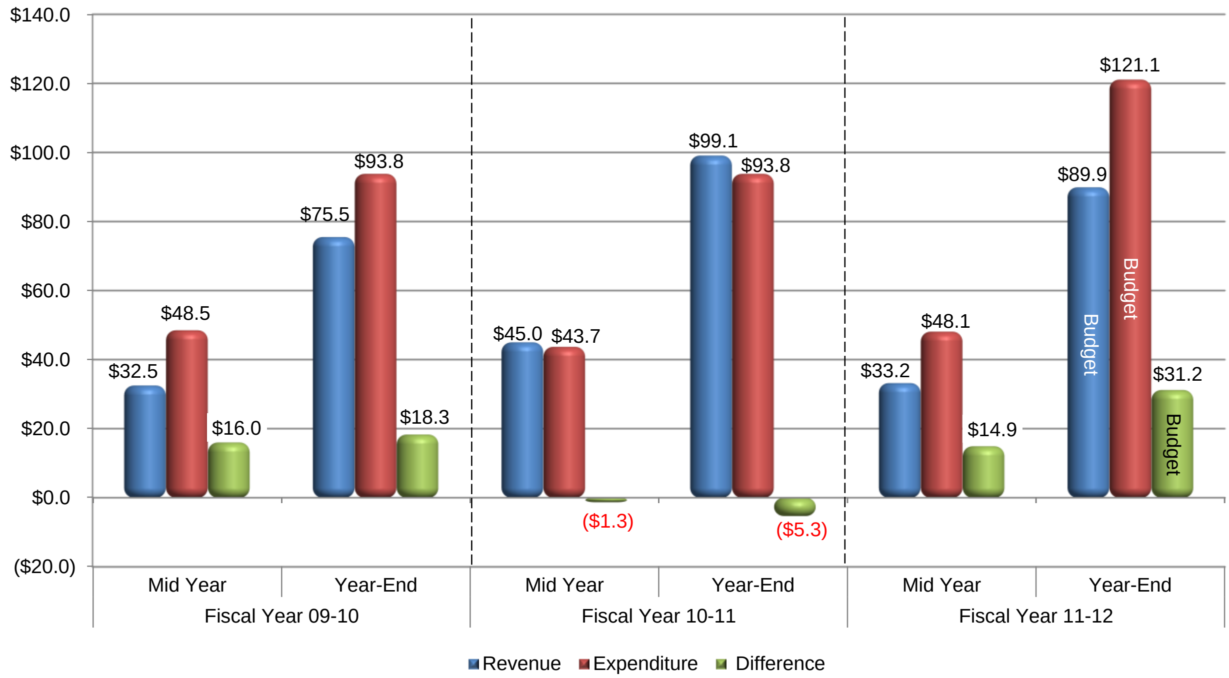
- Department of Public Works - Local Transit – An increase of $1.3 million in revenue compared to mid-year of the prior year due to the timing of the receipt of Local transportation Funds and Proposition 1B funding.

- Department of Public Works - Road and Bridge – A decrease of $6.1 million in revenue and $4.3 million in expenditures compared to mid-year of the prior year is twofold. Due to the uncertainty of the State budget, Public Works was forced to delay some projects in the spring of Fiscal Year 2009-2010 that were completed in the fall of Fiscal Year 2010-2011. In addition, approximately $6 million of Federal American Recovery and Reinvestment Act (ARRA) funds were distributed in Fiscal Year 2010-2011. These funds were used for two resurfacing projects, increasing expenditures and associated revenues in Fiscal Year 2010-2011. ARRA funding was one-time funding that is not available in the current fiscal year.

- Department of Public Works - Morgan Shop – A decrease of $1 million in revenue compared to mid-year of the prior year due to an accounting error that was posted as a credit in expenditures instead of revenue, understating revenue by $740,000. A correcting entry has been processed in January 2012. Actual revenues at mid-year were $1,019,476 compared to $1,325,289 during the same period last year. The variance is the result of a receivable being recorded in Fiscal Year 2009-2010 and identified as a duplicate and reversed in November 2011.

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

**A Well-Planned Infrastructure System**
**Three Year Comparison**




The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of A Well Planned Infrastructure System for Fiscal Year 2011-2012 is $89.9 million with departmental expenditures budgeted at $121.1 million and the difference of $31.2 million funded through the use of General Fund contributions and fund balance/retained earnings. Department revenue is down by $11.8 million and expenditures are up $4.4 million from mid-year 2010-2011.

## MID-YEAR ISSUES AND RECOMMENDATIONS

### ENVIRONMENTAL RESOURCES – ADMINISTRATION

The Department of Environmental Resources projects this budget to end the year within adopted appropriations and estimated revenue. There is a slight variance projected in expenditures as a result of several vacant positions that have materialized in the current fiscal year. In anticipation of continued budget challenges in Fiscal Year 2012-2013, the Department continues to reduce expenses wherever possible by not filling vacancies and minimizing services and supplies. Travel, fleet services and fixed asset expenses are also monitored carefully.

The Department has requested to transfer two vehicles from Abandoned Vehicle Abatement into Administration. The Department will reimburse the Abandoned Vehicle Abatement budget for the value of those vehicles by transferring $31,300 into the fixed asset account. This is due to the reorganization of the

Code Enforcement and Abandoned Vehicles Abatement programs. In addition, the Department has requested to transfer $23,800 to the fixed asset account to purchase a replacement vehicle needed for the Emergency Response program. In total, the Department requested that a transfer of $55,100 from Salaries and Benefits to Fixed Assets to accommodate these expenses.

### ENVIRONMENTAL RESOURCES – ABANDONED VEHICLE ABATEMENT

The County's Abandoned Vehicle Abatement program has gone through significant changes due to budget reductions that resulted in the elimination of associated staffing (one full time employee and one part time employee). The Department of Environmental Resources Zoning Enforcement Officers are now responsible for both the Abandoned Vehicle Abatement and Code Enforcement programs. As part of the mid-year review, the Department identified a need for additional funding of $21,555 for training as part of the reorganization. There is currently $112,604 in Abandoned Vehicle Abatement fund balance that is sufficient to accommodate this request.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Environmental Resources - Administration | ($55,100) | $0 | ($55,100) | Transfer of appropriations from Salaries and Benefits for vehicle purchases. |
| Environmental Resources - Administration | $55,100 | $0 | $55,100 | Transfer of appropriations into Fixed Assets for vehicle purchases. |
| Environmental Resources - Abandoned Vehicle Abatement | $21,555 | $0 | $21,555 | Increase in Salaries and Benefits for additional training needs for Abandoned Vehicle Abatement program from departmental fund balance. |
| **Total** | **$21,555** | **$0** | **$21,555** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $21,555 for additional staff training needs for the Abandoned Vehicle Abatement Program funded from department fund balance. On July 1, 2011, the beginning fund balance for Environmental Resources – Abandoned Vehicle Abatement was $111,763. As of December 31, 2011, the operating budget did not anticipate any use of department fund balance. As a result of the recommendation to increase the use of fund balance by $21,555, the Department projects an ending fund balance of $90,208. A transfer of appropriations of $55,100 from Salaries and Benefits to Fixed Assets in Environmental Resources – Administration for vehicle purchases is also recommended.

### PARKS AND RECREATION – MODESTO RESERVOIR PATROL

The Department of Parks and Recreation has requested increased appropriations in the Modesto Reservoir Patrol budget in order to pay for upgrading sewer pumps at the Modesto Reservoir Lift Station. With the increased appropriations, this budget will end the year within adopted appropriations and estimated revenue. Modesto Reservoir is a drinking water facility and there are regulatory requirements to protect the water quality. The pumps are over 30 years old and are not able to keep up with the current need. This project was noted in the First Quarter Financial Report and at that time it was requested that it be funded from increased revenue in the Parks and Recreation – Administration budget. In order to reserve that additional revenue for other needs, the Department has requested that the pump upgrades come from existing fund balance in the Modesto Reservoir Patrol budget. The current fund balance in this budget is sufficient to accommodate this request.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Parks and Recreation - Modesto Reservoir | $134,403 | $0 | $134,403 | Increase appropriations for needed pump upgrades at Modesto Reservoir from departmental fund balance. |
| **Total** | **$134,403** | **$0** | **$134,403** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $134,403 funded from department fund balance for the sewer pump upgrades at Modesto Reservoir. On July 1, 2011, the beginning fund balance for Parks and Recreation – Modesto Reservoir was $186,404. As of December 31, 2011, the operating budget includes the use of $52,000 in department fund balance. As a result of the recommendation to increase the use of fund balance by $134,203, the Department projects an ending fund balance of $1.

**PLANNING AND COMMUNITY DEVELOPMENT – BUILDING PERMITS**

The Planning and Community Development Department anticipates the Building Permits budget to end the year within budgeted appropriations and will achieve most of the estimated revenue. The Department requested a $50,000 increase in appropriations from available departmental fund balance. The additional appropriations will cover possible unforeseen expenses associated with the purchase of the software permitting system and also to assist with the unfunded programs such as Stanislaus Customer Relationship Management (SCRM) complaint system, increased Dangerous Building activity and staffing costs associated with general operations and unfunded programs.

**Summary of Recommendations:** The request to increase appropriations in the Building Permits budget will be re-evaluated as part of the Third Quarter Financial review.

**PUBLIC WORKS**

Morgan Shop: The Public Works Department has requested to increase appropriations by $263,394 for increased fuel costs and department fuel usage, increased materials for repair and maintenance of vehicles, and depreciation of the new bio-diesel on site fuel tank. The Department is also requesting an increase in estimated revenues of $257,670 from fuel supplied to other departments and heavy equipment rental.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| PW - Morgan Shop | $263,394 | $257,670 | $5,724 | Increase appropriations for fuel usage, materials for repair & maintenance of vehicles and depreciation of bio-diesel on site fuel tank. Increase in revenue from department fuel usage and heavy equipment rental. |
| **Total** | **$263,394** | **$257,670** | **$5,724** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $263,394 to be funded by an increase in revenue of $257,670 and the use of $5,724 in fund balance. This will result in an increase in the use of department fund balance by $5,724. On July 1, 2011, the beginning fund balance was $9,462,272. As of December 31, 2011, the operating budget includes the use of $1,155,458 in department fund balance. As a result of the recommendation to increase the use of fund balance by $5,724, the Department projects an ending fund balance of $8,301,090.

## SUMMARY

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Well Planned Infrastructure System are recommended to increase by $419,352 and $257,670 respectively funded by $161,682 fund balance/retained earnings.

# Efficient Delivery of Public Services

**COUNTY DEPARTMENTS**

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

# Efficient Delivery of Public Services

## OVERVIEW

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

## DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of December 31, 2011, actual revenue collected is $49.6 million, which represents 44.5% of the estimated annual revenue. This is below the range when compared to the mid-year point of the prior two years when collections were 46.3% and 47.6% of the final actual revenue. As of December 31, 2011, expenditures are $72.4 million, representing 41.4% of the budgeted appropriations. Expenditures at the mid-year point of the prior two years were 47.3% and 49.8% of the final actual expenditures, placing this year's expenditures below the range.

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

- Chief Executive Office – Debt Service Fund - A $2.6 million increase in revenue due to the timing of the allocation in Public Facility Fees and Criminal justice Facilities Fees;

- Chief Executive Office – General Fund Match Vehicle License Fee - A $2.7 million decrease in expenditures and estimated revenues due to the reduced funding received during the 2011-2012 Fiscal Year. This is due to a new realignment fund that was established through Assembly Bill 118. As part of this bill, the vehicle license fee portion formerly designated for Mental Health programs was diverted to the Social Services subaccount to cover an additional county share of cost for CalWORKs grants.

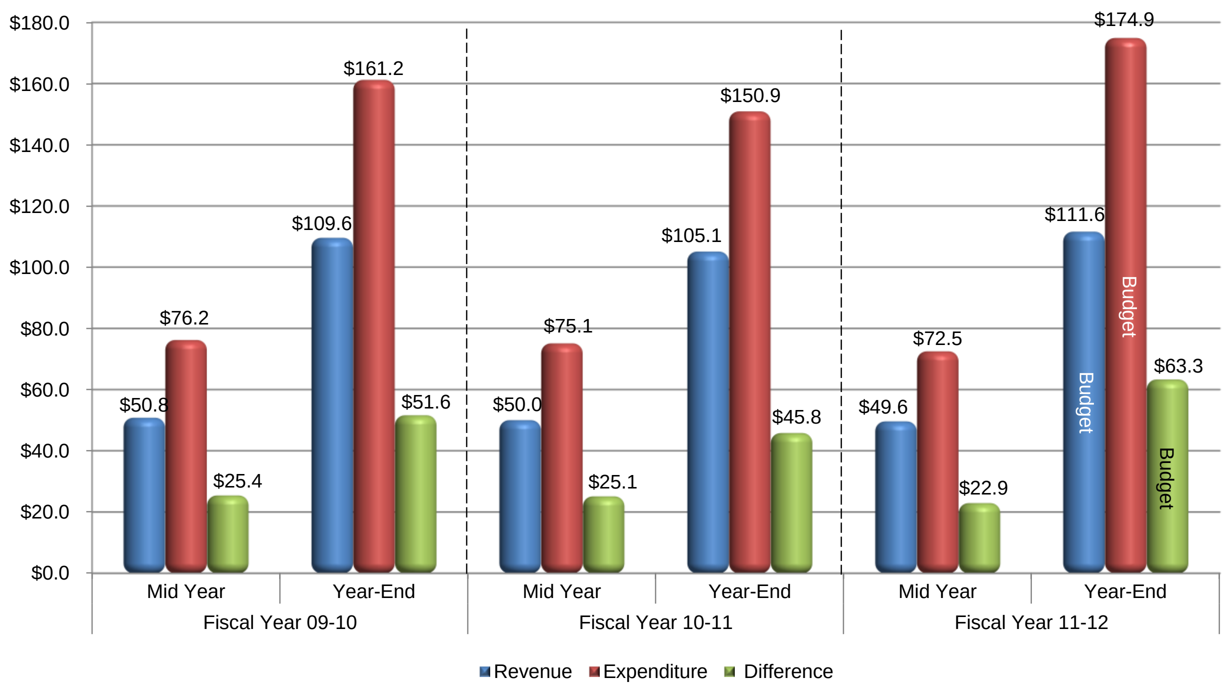
- Chief Executive Office – General Liability Self-Insurance – A $1.7 million decrease in expenditures due to higher claims expenses in the first six months of the prior fiscal year. Revenue is approximately $600,000 lower than that of the same period last year because a large insurance reimbursement check was received in the first six months of the prior fiscal year and there has been very minimal insurance reimbursements received in this fiscal year to date.

- Chief Executive Office – Purchased Insurance – Both estimated revenue and expenditures are down by approximately $2 million primarily attributed to a decrease in employee census.

- Chief Executive Office – Workers' Compensation – Estimated revenue is approximately $2 million higher than that of the same period last year due to the $4 million increase in departmental charges this fiscal year. Expenditures have also increased by approximately $500,000 due to higher claims expenses and increased insurance premiums in the current fiscal year.

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

**Efficient Delivery of Public Services**
**Three Year Comparison**




The total budgeted revenue for the departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services for Fiscal Year 2011-2012 is $111.6 million and total budgeted expenditures are $174.9 with a difference of $63.3 million funded through the use of General Fund contributions and the use of fund balance/retained earnings. Revenue is down by $0.4 million and expenditures are down by $2.6 million from mid-year 2010-2011.

## MID-YEAR ISSUES AND RECOMMENDATIONS

## ASSESSOR

**Staffing Requests:** The Assessor has reviewed operations within the Department and has determined a need to improve the information technology (IT) structure. Without a change in the department IT structure there is concern that the Department may not be able to maintain essential programs such as direct sales enrollment and Proposition 8 Value Analysis. These functions are currently supported by the Strategic Business Technologies (SBT) Department, however the programmers associated with the development of the Assessor's Programs at SBT have recently retired.

The Department is requesting to reclassify a Software Developer/Analyst III position to a Senior Software Developer/Analyst. The Senior Software Developer/Analyst will be able to provide the leadership and promote the development needed for a long-term business plan, creating more efficient and productive programs. This position will also have oversight of software vendors and in determining future programming needs. In an effort to improve efficiency and productivity, and to complete the IT structure, the Department is also requesting to restore an unfunded Application Specialist III position. Filling the Application Specialist III position will allow the Software Developer/Analyst III and the Senior Software Developer to focus on the programming needs of the office and also create time for the additional oversight responsibilities assigned to the Senior Software Developer/Analyst. The Department feels that the new IT structure would be a process improvement in that there would be long-term consistency and greater productivity of IT functions. The additional salary cost of the Senior Software Developer/Analyst and Application Specialist III positions will be offset by unfunding a Supervising Appraiser position that will be vacant effective April 1, 2012.

In addition, the Department is requesting to delete a filled Cadastral Technician position resulting in a reduction-in-force action. As a result of the decline in new construction, the mapping workload has been substantially reduced. The Department currently has two Cadastral Technician positions, but the current workload does not support staffing two positions. It is anticipated that new construction may not increase for a number of years. Due to budget reductions, the Assessor must commit the funding to functions that are directly related to mandated needs. The reduction-in-force action will be effective June 30, 2012.

| ASSESSOR STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Assessor | -1 | 1185 | Cadastral Technician | Delete filled position | Delete position/Reduction-in-Force effective 06/30/12 |
| | 1 | 8023 | Application Specialist III | Restore unfunded position | Restore vacant position |
| | -1 | 2261 | Supervising Appraiser | Unfund vacancy | Unfund vacant position effective 04/01/12 |
| **ASSESSOR CHANGES** | **-1** | | | | |
| **Beginning Allocation** | **58** | | | | |
| **Changes in Allocation** | **-1** | | | | |
| **Ending Allocation** | **57** | | | | |

| ASSESSOR TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Assessor | 1 | 2108 | Software Developer/Analyst III | Reclassify upward | Senior Software Developer/Analyst |

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

**CHIEF EXECUTIVE OFFICE – OPERATIONS AND SERVICES**

**Staffing Requests:** The Department is requesting to restore one unfunded Confidential Assistant III position for administrative support in the Capital Projects Division due to the increase in workload due to the number of current projects either in construction or planning stage. These include the Juvenile Commitment Facility, Honor Farm 192 Bed Replacement Facility, Coroner Video Visitation Project, Strategic Business Technology Data Center Relocation Project, and AB900 Phase II Jail Construction Project. The volume of construction projects is expected to continue for the next several years and specific project funding will support this position.

| CHIEF EXECUTIVE OFFICE STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| CEO Operations & Services | 1 | 7084 | Confidential Assistant III | Restore unfunded position | Restore vacant position |
| **CEO CHANGES** | **1** | | | | |
| **Beginning Allocation** | **52** | | | | |
| **Changes in Allocation** | **1** | | | | |
| **Ending Allocation** | **53** | | | | |

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

**CHIEF EXECUTIVE OFFICE – COUNTY FACILITIES**

The Chief Executive Office County Facilities budget provides funding for minor facility improvements and costs associated with maintaining certain County property. The Fiscal Year 2011-2012 Final Budget was approved with appropriations of $374,122 and revenue of $4,000. This level of funding provides for elevator repairs, security at County Center III, a one-time carryover for lease charges up to $9,800 for the Stanislaus County Arts Commission, telecommunications and internet service for the United Community Center in Grayson, utilities, building and preventive maintenance, and janitorial costs for the Ray Simon Regional Training Center, the Keyes Community Center, the Law Library, Mancini Hall and for County facility related expenses.

In the Fall of 2011, County staff began to mitigate and abate unsafe conditions at 4555 North Star Avenue, the abandoned Indalex Plant in Modesto. The abatement activities were recommended to be temporarily funded out of existing appropriations in the County Facilities budget.

The total costs through the mid-year for this cleanup effort are estimated to be $60,000 which includes site mitigation and abatement services of the site by Modesto Sand and Gravel, Sheriff staffing to supervise inmate work crews, and other associated costs. Staff recommends approval to use up to $60,000 in discretionary revenue for this abatement project to ensure this budget ends the year within budgeted appropriations.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | General Fund Contribution | |
| Chief Executive Office-County Facilities | $60,000 | $0 | $60,000 | Increase appropriations and estimated revenue up to $60,000 for mitigation and abatement activities for the Indalex site clean-up to be funded by discretionary revenue. |
| **Total** | **$60,000** | **$0** | **$60,000** | |

**Summary of Recommendations:** It is recommended to increase appropriations by up to $60,000 to be funded by discretionary revenue.

**CHIEF EXECUTIVE OFFICE – GENERAL FUND CONTRIBUTION TO OTHER PROGRAMS**

Funding for County Match has been 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 and Board of Supervisor policy decisions, and contributions to outside agencies are included in the Chief Executive Office – General Fund Contributions to Other Programs. It is requested to decrease appropriations by $341,278 due to the receipt of the Fiscal Year 2010-2011 operational cost true-up credit from the Stanislaus Animal Services Agency.

**CHIEF EXECUTIVE OFFICE – GENERAL FUND MATCH 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.

Through Fiscal Year 2010-2011, Behavioral Health and Recovery Services (BHRS) received funding through what is known as 1991 Realignment. This funding consisted of a portion of sales tax and vehicle license fees deposited into an account for Health, Social Services and Mental Health. As part of the Fiscal Year 2011-2012 budget process, a new realignment stream was developed that included funding for former State General Fund programs, including Drug and Alcohol, Early Periodic Screening Diagnosis and Treatment, and Mental Health Managed Care. This new realignment fund does not replace the 1991 Realignment. The new fund was established through Assembly Bill 118. As part of this bill, the vehicle license fee portion formerly designated for Mental Health programs was diverted to the Social Services subaccount to cover an additional county share of cost for CalWORKs grants. There is no fiscal impact to the Department associated with this change as an equal amount of sales tax is now deposited into the Mental Health subaccount to cover the vehicle license fees diversion. In addition, beginning in Fiscal Year 2011-2012, counties are paid a set monthly amount from 1991 Realignment. In previous years, allocations were made based on collections. Currently, the amount provided monthly reflects an approximate 5% increase over the Fiscal Year 2010-2011 allocation.

The 2011 Realignment comes into the County by the State established sub accounts. The Auditor deposits these funds into the fund/org/account that have been designated. Funds do not pass through the CEO General Fund Match – Vehicle License Fee budget. The 1991 Realignment account still exists. It is requested to decrease expenditures and estimated revenues by $4,817,846 due to the reallocation of the Mental Health 1991 Realignment.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | General Fund Contribution | |
| CEO - General Fund Contribution to Other Programs | ($341,278) | $0 | ($341,278) | Decrease expenditures due to the receipt of 10-11 Operational Cost True-Up credit from Animal Services Agency. |
| CEO - General Fund Match VLF | ($4,817,846) | ($4,817,846) | $0 | Decrease expenditures and estimated revenue in VLF due to the reallocation of the Mental Health 1991 Realignment. |
| **Total** | ($5,159,124) | ($4,817,846) | ($341,278) | |

**Summary of Recommendations:** It is recommended to decrease appropriations by $5,159,124 and decrease estimated revenue by $4,817,846. This results in an increase of $341,278 in General Fund fund balance.

**CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT DIVISION – PURCHASED INSURANCE**

The Risk Management Division requests that the name of this budget be changed to Chief Executive Office – Risk Management Division Medical Self-Insurance. This name is consistent with the titles of the other self-insurance funds, and reflects the purpose of this fund beginning January 1, 2012. This budget provides funding for medical insurance for full-time County employees and their families.

It is also requested to transfer $100,000 in appropriations and estimated revenue from this budget to the newly-created Other Employee Benefits budget. The amount represents the cost of administering all County benefits, which has historically been captured in this budget and offset with administration fee revenue. At this time, it is requested to transfer this funding out of this budget in order to isolate the costs associated with the self-insured medical program.

**CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT DIVISION – OTHER EMPLOYEE BENEFITS**

It is requested to increase appropriations and estimated revenue in the CEO – Risk Management Division Other Employee Benefits budget by $100,000 and $220,000 respectively. This budget was approved by the Board of Supervisors and established on December 20, 2011 with the purpose of capturing the costs of other employee benefits (not medical, dental, or vision) which included life insurance, management long-term disability, and deferred compensation. At this time, it is requested that the costs of administering all County benefits, estimated at $100,000, be transferred from the Purchased Insurance budget to this budget with offsetting administration fee revenue. It is necessary to transfer these costs and revenue out of the Purchased Insurance budget because the medical insurance program is changing from a fully-insured program to a self-insured program, and it is important to capture the costs of the self-insured program separately.

The additional $120,000 in estimated revenue reflects the anticipated revenue from the County's participation in the deferred compensation with Hartford Financial. This is a result of a recent evaluation of the deferred compensation program by the County's Deferred Compensation Committee and Hartford Financial that revealed that revenue collected from portfolio investments for such things as training and independent financial reviews could be redirected for other program uses. This funding will be set aside for future deferred compensation program expenses, and cannot be used for any other purpose.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| Chief Executive Office - Risk Management Division - Purchased Insurance | ($100,000) | ($100,000) | $0 | Decrease appropriations and estimated revenue to transfer costs and revenue associated with administering all County benefits to Other Employee Benefits. |
| Chief Executive Office - Risk Management Division - Other Employee Benefits | $100,000 | $220,000 | ($120,000) | Increase appropriations and estimated revenue by $100,000 to account for costs of administering County benefits from Purchased Insurance. Increase estimated revenue by $120,000 for deferred compensation program revenue. |
| **Total** | **$0** | **$120,000** | **($120,000)** | |

**Summary of Recommendations:** It is recommended to increase revenue in CEO – Risk Management Division Other Employee Benefits by $120,000 from the deferred compensation program portfolio investments resulting in a positive contribution to retained earnings at year-end. As of December 31, 2011, the operating budget did not anticipate any use of retained earnings. As a result of the recommendation to contribute $120,000 to retained earnings, the Department projects this amount as its ending balance.

## CLERK RECORDER

Recorder Division:

**Staffing Requests:** The Chief Executive Office previously received a request to complete a classification study of a Systems Engineer II position. The study has been completed and based on the job duties and responsibilities of the position, it is recommended to reclassify the position to Senior Systems Engineer.

| CLERK RECORDER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Recorder Division | 1 | 7930 | Systems Engineer II | Reclassify upward | Senior Systems Engineer |

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

Elections Division

The Clerk-Recorder- Registrar of Voters expects to exceed their budget due to an unfunded Presidential Primary election that will be held in June of this fiscal year. The Department is projecting the cost of the election to be $743,700. The cost of the Presidential Primary election would result in the Department exceeding their current budget by $522,614. In addition, the Department has estimated additional revenue of $241,168, therefore requesting a net county cost increase of $281,446.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | General Fund Contribution | |
| Clerk Recorder - Elections | $522,614 | $241,148 | $281,466 | Increase appropriations and estimated revenue due to the Presidential Primary Election to be funded from the estimated increase in revenue in Discretionary Revenue. |
| **Total** | **$522,614** | **$241,148** | **$281,466** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $522,614 and estimated revenue by $241,148 in the Clerk Recorder – Elections Department to fund the Presidential Primary Election resulting in an increased General Fund contribution of $281,466 funded from increased Discretionary Revenue.

**GENERAL SERVICES AGENCY**

Utilities: In the Fiscal Year 2011-2012 Adopted Proposed Budget, General Services Agency (GSA) Utilities was separated from the GSA – Facilities Maintenance Division to become an internal Service Fund devoted to processing payments for several County departments and Joint Powers Agreements. Previously, as a General Fund department charging other General Fund departments, charges to these departments were processed through an expense account. With the change to an Internal Service Fund charges to General Fund departments should be processed through a revenue account. GSA - Utilities is requesting an increase in appropriations and estimated revenue by $2,602,020 as a result of this change.

| Budget Unit | Recommended | | | Description |
|---|---|---|---|---|
| | Appropriations | Revenue | Fund Balance/ Retained Earnings | |
| GSA - Utilities | $2,602,020 | $2,602,020 | $0 | Increase appropriations and revenue to account for charges to General Fund departments. |
| **Total** | **$2,602,020** | **$2,602,020** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations and estimated revenue by $2,602,020.

**SUMMARY**

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of Efficient Delivery of Public Services are recommended to decrease by $1,974,490 and $1,854,658 respectively results in a decrease of $119,832 in the use of General Funds.

## DEPENDENT LIGHTING DISTRICTS AND COUNTY SERVICE AREAS

As part of the 2011-2012 Adopted Final Budget, spending plans were estimated and appropriations were approved for the dependent lighting districts and County Service Areas (CSA's) governed by the Board of Supervisors to allow them to operate in the fiscal year. Year-end analysis reveals that, due to unexpected repairs and/or increased utility rates, some of these districts need an increase in appropriations to pay the final expenditures for this fiscal year.

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

### Dependent Lighting Districts

| Fund | District Name | Final Budget 2011-2012 | Budget Adjustment Recommended | Total Adjusted Budget |
|---|---|---|---|---|
| 1850 | Airport Neighborhood | $23,204 | $1,400 | $24,604 |
| 1851 | Almond Wood | $8,066 | $1,750 | $9,816 |
| 1852 | Country Club – A | $2,375 | $300 | $2,675 |
| 1854 | Crows Landing | $2,555 | $270 | $2,825 |
| 1858 | Fairview | $7,127 | $500 | $7,627 |
| 1860 | Gibbs Ranch | $2,067 | $1,200 | $3,267 |
| 1862 | Hillcrest | $10,563 | $3,000 | $13,563 |
| 1876 | Schwartz-Baize | $198 | $180 | $378 |
| 1973 | Kenwood Park | $0 | $2,460 | $2,460 |
| | **Total** | **$56,155** | **$11,060** | **$67,215** |

Kenwood Park Lighting District was formed by Board Resolution 2011-462 on August 2, 2011. Due to the timing of the formation, the district was not previously budgeted. The recommended budget reflects the Engineer's Report that was part of the formation proceedings.

All of the lighting districts listed have an approved formula for calculating the annual assessment. Therefore, any deficit will be factored into the assessment for Budget Year 2012-2013. In addition, the Public Works Department has begun factoring into the annual assessments a capital replacement component to ensure that adequate funds are available in the future to cover any emergency costs.

### Community Service Areas

| Fund | District Name | Final Budget 2011-2012 | Budget Adjustment Requested | Total Adjusted Budget |
|---|---|---|---|---|
| 1830 | CSA 23 – Hillsborough Schutz | $8,602 | $500 | $9,102 |
| | **Total** | **$8,602** | **$500** | **$9,102** |

Unanticipated drainage work in CSA 23 – Hillsborough Schutz has resulted in the need for additional appropriations. The CSA is projected to have a positive cash balance of approximately $70,000 on June 30, 2012.

**Summary of Recommendations**: It is recommended to increase appropriations in the Dependent Lighting Districts by $11,060 to more accurately reflect the revised estimated costs of services provided to these districts. There are sufficient fund balances in all but three of the lighting districts to cover the requested increased appropriations. The three districts without sufficient fund balance are Gibbs Ranch, Hillcrest, and Schwartz-Baize. The deficit will be factored into the assessment for Budget Year 2012-2013. It is also recommended to increase appropriations in CSA 23 – Hillsborough Schutz by $500.

## BUDGET SCHEDULE

The following schedule is recommended for the final 2011-2012 quarterly financial reporting and for the 2012-2013 Proposed Budget:

- March 9, 2012 — Issue 2012-2013 Proposed Budget Instructions to Departments
- April 9, 2012 — Department's Proposed Budget Submittals due to Chief Executive Office
- May 1, 2012 — Third Quarter Financial Report to the Board of Supervisors
- May 25, 2012 — 2012-2013 Proposed Budget available to the Public
- June 5, 6, 7, 2012 — Proposed Budget Presentation and Public Hearing to the Board of Supervisors
- September 11, 2012 — 2012-2013 Final Budget Presentation and Public Hearing to the Board of Supervisors