



# Financial Policies and Schedules

## **BUDGET PROCESS AND FINANCIAL POLICIES**

To ensure the long-term economic stability of the organization, the County of Stanislaus has developed a series of financial and budgetary policies. Using both operational guidelines and qualitative standards, these policies strive to maintain a stable and positive financial position for the foreseeable future. Moreover they provide guidelines to management in planning and directing the County's day-to-day financial affairs, and in developing recommendations to the Chief Executive Officer and the Board of Supervisors.

### **BASIS OF BUDGETING**

The annual budget is prepared, reviewed and approved in accordance with the provisions of Sections 29000 and 29144, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act. The County prepares a budget for each fiscal year on or before October 2, pursuant to the County Budget Act. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This Resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

The Budget and the Annual Financial Report are prepared using Generally Accepted Accounting Principles (GAAP). The accounts of the County are organized on the basis of fund and organizational groups, each of which is considered a separate accounting entity. Governmental type funds like the General Fund, Special Revenue Funds, Capital Projects, and Debt Service use modified accrual basis, while Proprietary Funds use the full accrual basis.

Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. Measurable means the amount of the transaction is known; available means the revenue will be collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related liability is incurred, except for (1) principal of and interest on general long-term debt which are recognized when due; and (2) employee annual leave and claims and judgments for litigation and self-insurance which are recorded in the period due and payable.

Full accrual is similar to commercial accounting. Recognition occurs at the time of the transaction – revenue when earned and expenses when incurred.

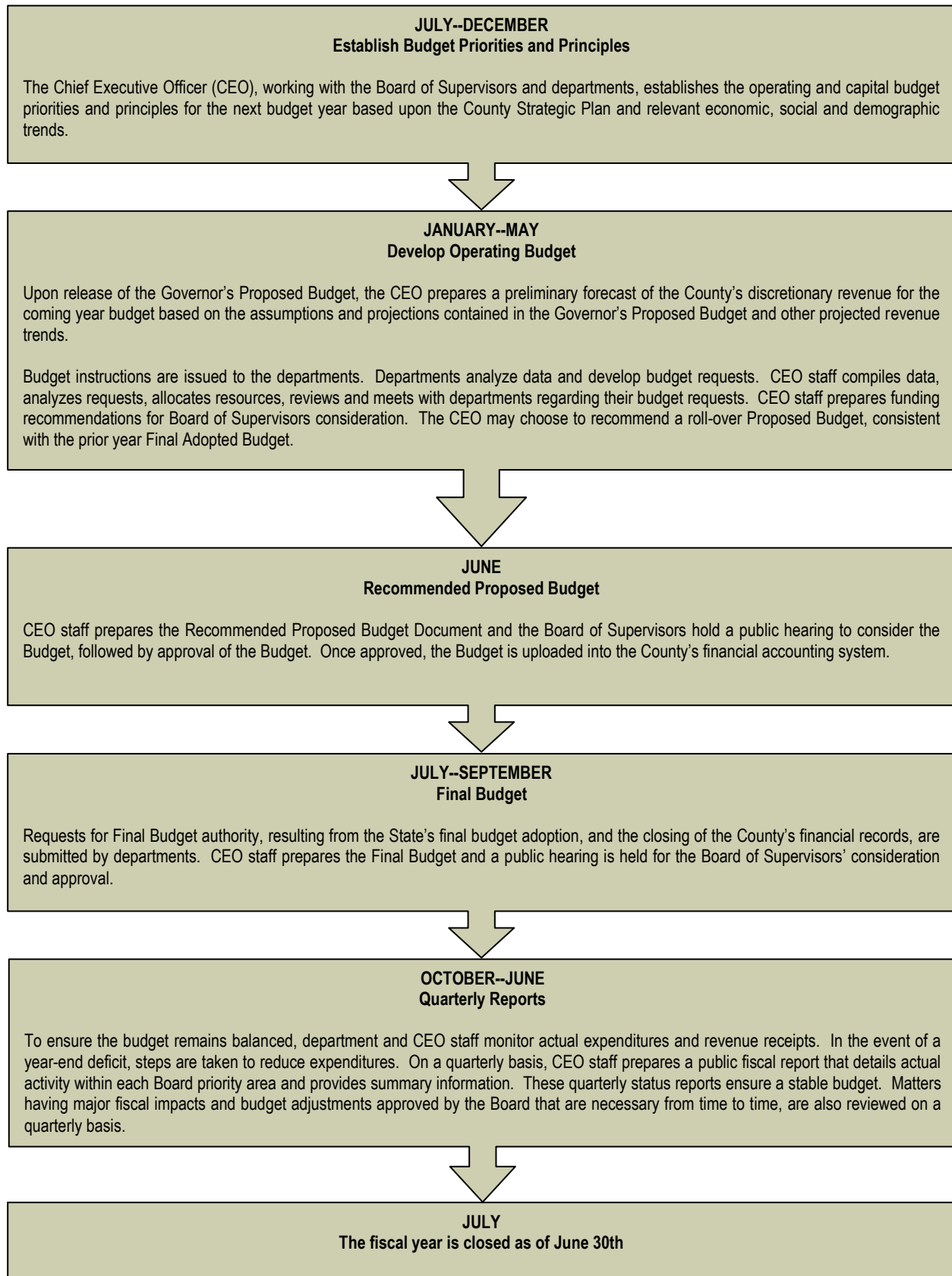
### **COUNTY BUDGET PROCESS**

The budget for Stanislaus County is an operational plan, a fiscal plan and a staffing plan for the provision of services to the residents of Stanislaus County. The budget process encompasses the manner in which resources are assigned to goals, objectives and community priorities set by the Board of Supervisors. A balanced budget is where the amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus other available resources. In order for government to remain in business, the law requires that an adopted budget be in place by the beginning of each fiscal year – July 1<sup>st</sup> through June 30<sup>th</sup>. (See Budget Process diagram on next page.)

### **ENCUMBRANCES**

The County budget is prepared on the modified accrual basis of accounting except encumbrances that are outstanding at year-end are considered expenditures. Encumbrances outstanding at year-end are reported as assignments of fund balances since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for GAAP reporting purposes.

# COUNTY BUDGET PROCESS



## **INVESTMENT AND CASH MANAGEMENT**

**Responsibility**—Investments and cash management are the responsibility of the County Treasurer.

**Investment Objective**—The County's primary investment objective is to maintain the principal of such funds (safety) in investment vehicles which are easily converted to cash (liquidity) while obtaining a competitive market rate of return (yield) for the risk taken at the time of investing.

Safety of principal is of paramount importance. Investments will only be made in securities which have a very high probability of maintaining the principal invested. Only highly rated or strongly collateralized investments will be made. Diversification by type of investment, issuer and maturity to minimize the risk of loss of principal due to credit deterioration or interest rate volatility will be made. Sales of securities before maturity may be made if at a gain, to avoid an anticipated default of payment by the issuer of interest or principal or if such sale will allow investment in a higher yielding vehicle and any loss upon sale can be more than compensated by additional interest earnings within a six month period.

To achieve appropriate liquidity needs the Pool's investments must be in maturity ranges which meet normal, anticipated disbursement requirements of all depositors as can be determined by historical disbursement patterns as well as communicated forecasts by depositors. Unanticipated cash disbursement needs require that investments be easily convertible to cash by maintaining shorter maturity in highly traded securities.

To achieve a competitive market rate of return or yield, individual investment decisions must be made on a competitive basis. Due to the primary need of maintaining the purchasing power and cash availability of depositors' funds, the portfolio's yield will normally be lower than that of higher risk, longer maturity investment pools. An earnings rate goal for the fund will generally achieve a yield that is 100 basis points higher than inflation.

**Authorized Investments**—Pursuant to Government Code Section 53601, investments will only be made in authorized securities with a maturity date of five (5) years or less from the transaction settlement date. All investments (except in mutual funds) must be in securities which have a positive return if held to maturity.

In addition to the restrictions and guidelines cited in Government Code, the County Board of Supervisors annually adopts an "Investment Policy" for the Stanislaus County Treasury Pool. The Policy is prepared by the County Treasurer and approved by the Stanislaus County Treasury Pool Oversight Committee. The Policy adds further specificity to investments permitted and reducing concentration within most permitted investment types.

## **CAPITAL ASSETS**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain assets (infrastructure) consisting of improvements to roads, bridges, lighting systems, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

Governmental Accounting Standards Board has issued statement #51, Accounting and Financial Reporting for Intangible Assets. Intangible assets including easements, water rights, timber rights, patents, trademarks and computer software need to be classified as capital assets. Additionally, internally generated intangible assets i.e., computer software are subject to capitalization. This provision should be retroactively applied to intangible assets acquired in fiscal years ending after June 30, 1980.

## **BUDGET AMENDMENT PROCESS**

Government Code Sections 29125 through 29130 authorizes amendments to the adopted budget through the budget revision process. Revisions enable departments to move or adjust budgeted appropriations or adjust estimated revenues.

The County's Board of Supervisors also dictates policies regarding budget revisions. Budget revisions requiring Board of Supervisors approval may be approved throughout the year in accordance with the following procedures:

- ◆ By 4/5 vote – all transfers from the budget “Appropriations for Contingencies” General Fund;
- ◆ By 4/5 vote – all appropriation of unbudgeted revenues from any source and use of fund balance/retained earnings; and
- ◆ The Board must approve the addition or deletion of any appropriation for Fixed Assets if over \$10,000.

Revisions that may be approved by the Chief Executive Office are appropriations and estimated revenue transfers within or between categories within a budget, excluding “Fixed Assets” over \$10,000.

## **FUND BALANCE POLICY**

As part of the preparation of the Fiscal Year 2012-2013 Final Budget, and in light of the changes due to Governmental Accounting Standards Board (GASB) Statement 54, staff reviewed publications benchmarking reserve fund policies and reviewed the policies of other California counties that received the Government Finance Officers Association (GFOA) award. As a result of this review, staff recommended the following fund balance policy which the Board adopted on September 11, 2012. The policy is intended to provide the County with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.

### **Contingency Reserve Policy**

The General Fund Assigned Contingency Reserve shall be equal to at least 8% of the average annual Discretionary Revenue for the preceding three fiscal years. The purpose of the Contingency Reserve is to mitigate economic downturns, unforeseen circumstances, or state or federal budget actions that reduce revenue, to fund disaster costs associated with emergencies and to maintain core service levels.

Any transfer of funds out of the Contingency Reserve must be approved by a  $\frac{4}{5}$  vote of the Board of Supervisors and cannot exceed the amount sufficient to balance the General Fund.

Should the fund balance fall below the 8% threshold, the Board of Supervisors shall approve and adopt a plan to restore the fund balance to the target level within 24 months. If the restoration of the fund balance cannot be accomplished within 24 months without severe hardship to the County, the Board of Supervisors shall establish a different time period.

### **Debt Service Reserve Policy**

To assist in maintaining the County's positive credit rating, a portion of the General Fund is to be set aside as a Debt Service Assignment. This classification of fund balance is to be equal to at least one year of debt service payments.



## 2014-2015 Recommended Final Budget Financial Overview by Priority

Revenue Categories	2014-2015							Recommended Final Budget Total
	A Safe Community	A Healthy Community	A Strong Local Economy	A Strong Agricultural Economy/Heritage	A Well Planned Infrastructure System	Efficient Delivery of Public Services		
Taxes	\$ 1,078,500	\$ -	\$ 8,500,000	\$ -	\$ 6,918,540	\$ 117,586,000	\$ 134,083,040	
Licenses, Permits, Franchises	260,000	89,653	-	424,500	1,682,000	1,294,284	3,750,437	
Fines, Forfeitures, Penalties	4,236,000	1,033,285	-	-	76,220	2,731,000	8,076,505	
Revenue from Use of Assets	213,250	971,821	3,500	6,000	663,235	3,804,601	5,662,407	
Intergovernmental Revenue	34,746,325	393,500,909	7,410,645	2,047,147	73,277,145	48,154,715	559,136,886	
Charges for Service	28,498,294	75,115,283	12,022,653	736,400	26,848,870	107,280,365	250,501,865	
Miscellaneous Revenue	1,551,550	6,776,331	240,950	2,500	268,722	664,472	9,504,525	
Other Financing Sources	2,235,083	44,758,452	491,810	-	14,833,105	6,354,921	68,673,371	
<b>Total Revenue</b>	<b>\$ 72,819,002</b>	<b>\$ 522,245,734</b>	<b>\$ 28,669,558</b>	<b>\$ 3,216,547</b>	<b>\$ 124,567,837</b>	<b>\$ 287,870,358</b>	<b>\$ 1,039,389,036</b>	

### Appropriation Categories

Salaries and Benefits	\$ 110,450,195	\$ 182,346,783	\$ 19,709,092	\$ 4,796,102	\$ 26,267,820	\$ 32,296,964	\$ 375,866,956
Services and Supplies	35,283,699	92,105,568	8,308,048	361,689	90,950,670	92,016,560	319,026,234
Other Charges	34,277,725	249,240,088	1,245,409	504,721	15,653,193	8,736,836	309,657,972
Fixed Assets	2,441,480	1,969,216	494,640	71,911	6,780,795	1,082,754	12,840,796
Other Financing Uses	2,556,021	3,134,551	-	-	1,190,410	57,459,133	64,340,115
Intrafund	(57,536)	1,355	-	80,100	453,071	(571,816)	(94,826)
Contingencies	-	-	-	-	-	11,020,864	11,020,864
<b>Total Expenditures</b>	<b>\$ 184,951,584</b>	<b>\$ 528,797,561</b>	<b>\$ 29,757,189</b>	<b>\$ 5,814,523</b>	<b>\$ 141,295,959</b>	<b>\$ 202,041,295</b>	<b>\$ 1,092,658,111</b>
<b>Net Increase (Decrease) in Fund Balance/Retained Earnings</b>	<b>\$ (112,132,582)</b>	<b>\$ (6,551,827)</b>	<b>\$ (1,087,631)</b>	<b>\$ (2,597,976)</b>	<b>\$ (16,728,122)</b>	<b>\$ 85,829,063</b>	<b>\$ (53,269,075)</b>



## 2014-2015 Recommended Final Budget Financial Overview by Fund

Revenue Categories	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Services Funds	2014-2015 Recommended Final Budget Total
Taxes	\$ 117,586,000	\$11,601,459	\$ -	\$ 4,895,581	\$ -	\$ 134,083,040
Licenses, Permits, Franchises	2,115,784	1,634,653	-	-	-	3,750,437
Fines, Forfeitures, Penalties	5,716,000	1,275,505	1,085,000	-	-	8,076,505
Revenue from Use of Assets	3,702,851	1,188,182	52,000	453,874	265,500	5,662,407
Intergovernmental Revenue	57,531,539	499,364,070	-	2,081,277	160,000	559,136,886
Charges for Service	46,064,529	69,247,296	-	39,489,050	95,700,990	250,501,865
Miscellaneous Revenue	832,697	5,188,557	-	3,393,271	90,000	9,504,525
Other Financing Sources	8,094,622	38,356,818	-	22,210,931	11,000	68,673,371
<b>Total Revenue</b>	<b>\$ 241,644,022</b>	<b>\$ 627,856,540</b>	<b>\$ 1,137,000</b>	<b>\$ 72,523,984</b>	<b>\$ 96,227,490</b>	<b>\$ 1,039,389,036</b>
<b>Appropriation Categories</b>						
Salaries and Benefits	\$ 133,729,625	\$ 212,425,767	\$ -	\$ 21,043,517	\$ 8,668,047	\$ 375,866,956
Services and Supplies	42,113,269	169,858,075	385,000	24,222,718	82,447,172	319,026,234
Other Charges	24,358,600	252,664,415	30,510	27,563,137	5,041,310	309,657,972
Fixed Assets	2,568,145	3,461,239	-	5,117,412	1,694,000	12,840,796
Other Financing Uses	57,604,133	4,682,947	800,000	1,253,035	-	64,340,115
Intrafund	(310,992)	216,166	-	-	-	(94,826)
Contingencies	11,020,864	-	-	-	-	11,020,864
<b>Total Expenditures</b>	<b>\$ 271,083,644</b>	<b>\$ 643,308,609</b>	<b>\$ 1,215,510</b>	<b>\$ 79,199,819</b>	<b>\$ 97,850,529</b>	<b>\$ 1,092,658,111</b>
<b>Net Increase (Decrease) in Fund Balance/Retained Earnings</b>	<b>\$ (29,439,622)</b>	<b>\$ (15,452,069)</b>	<b>\$ (78,510)</b>	<b>\$ (6,675,835)</b>	<b>\$ (1,623,039)</b>	<b>\$ (53,269,075)</b>



## 2014-2015 Recommended Final Budget Net County Cost Schedule

Fund Type	Recommended Final Budget Expenditures	Recommended Final Budget Revenue	Recommended Final Budget Fund Balance/ Retained Earnings	Recommended Final Budget Net County Cost
<b>General Fund</b>				
AAA - Veterans Services	\$ 490,369	\$ 147,309	\$ -	\$ 343,060
Agricultural Commissioner	5,306,209	3,210,047	-	2,096,162
Assessor	5,634,431	884,000	-	4,750,431
Auditor-Controller	4,221,992	2,778,359	-	1,443,633
Board of Supervisors	1,087,878	83,604	-	1,004,274
Chief Executive Office - Airport	241,000	-	-	241,000
Chief Executive Office - Appropriations for Contingencies	11,020,864	-	-	11,020,864
Chief Executive Office - C.I.F.A.	140,633	-	-	140,633
Chief Executive Office - County Court Funding	6,389,662	3,590,700	-	2,798,962
Chief Executive Office - County Facilities	647,949	5,750	-	642,199
Chief Executive Office - Crows Landing Air Facility	220,006	195,331	-	24,675
Chief Executive Office - Debt Service	12,666,797	5,134,886	-	7,531,911
Chief Executive Office - Economic Development Bank	-	-	-	-
Chief Executive Office - General Fund Contribution to Other Programs	22,544,922	-	-	22,544,922
Chief Executive Office - General Fund Match - VLF	6,236,805	6,236,805	-	-
Chief Executive Office - Jail Medical	9,309,342	500,000	-	8,809,342
Chief Executive Office - Mandated County Match	19,633,771	-	-	19,633,771
Chief Executive Office - OES/Fire Warden	1,863,942	276,510	-	1,587,432
Chief Executive Office - Operations and Services	7,355,055	2,258,700	-	5,096,355
Chief Executive Office - Plant Acquisition	3,417,535	125,000	-	3,292,535
Chief Executive Office - Risk Management Division	1,668,827	1,221,582	-	447,245
Clerk-Recorder	1,932,924	1,902,287	-	30,637
Clerk-Recorder - Elections	3,039,164	1,492,179	-	1,546,985
Cooperative Extension	491,422	6,500	-	484,922
County Counsel	2,414,681	1,212,721	-	1,201,960
District Attorney - Criminal Division	13,767,787	1,215,336	-	12,552,451
General Services Agency - Administration	627,403	627,403	-	-
Grand Jury	145,947	-	-	145,947
Parks and Recreation	4,954,451	2,905,127	-	2,049,324
Parks and Recreation - TRRP	121,426	-	-	121,426
Planning & Community Development	1,946,943	605,534	-	1,341,409
Probation - Administration	2,628,973	257,100	-	2,371,873
Probation - Community Corrections Partnership	4,168,189	4,168,189	-	-
Probation - Field Services	10,193,110	2,825,955	-	7,367,155
Probation - Institutional Services	6,293,942	1,274,800	-	5,019,142
Probation - Juvenile Commitment Facility	3,547,485	1,132,343	-	2,415,142
Public Defender	5,897,451	801,616	-	5,095,835
Public Defender - Indigent Defense	3,774,140	90,000	-	3,684,140
Sheriff - Administration	5,288,326	309,500	-	4,978,826
Sheriff - Contract Cities	10,561,840	10,526,979	-	34,861
Sheriff - Detention	37,762,938	9,689,407	-	28,073,531
Sheriff - Operations	28,037,098	2,904,213	-	25,132,885
Treasurer - Admin/Taxes	1,845,374	465,131	-	1,380,243
Treasurer - Revenue Recovery	965,472	965,472	-	-
Treasurer - Treasury	579,169	579,169	-	-
<b>Total General Fund</b>	<b>\$ 271,083,644</b>	<b>\$ 72,605,544</b>	<b>\$ -</b>	<b>\$ 198,478,100</b>
<b>Discretionary Revenue/Fund Balance</b>				
Chief Executive Office - Discretionary Revenue	\$ -	\$ 169,038,478	\$ -	\$ (169,038,478)
Unassigned Fund Balance			\$ 12,345,632	\$ (12,345,632)
Assigned Fund Balance			17,093,990	(17,093,990)
<b>Adjusted General Fund</b>	<b>\$ 271,083,644</b>	<b>\$ 241,644,022</b>	<b>\$ 29,439,622</b>	<b>\$ -</b>





## 2014-2015 Recommended Final Budget Net County Cost Schedule

Fund Type	Recommended Final Budget Expenditures	Recommended Final Budget Revenue	Recommended Final Budget Fund Balance/ Retained Earnings	Recommended Final Budget Net County Cost
<b>Special Revenue Fund</b>				
Alliance Worknet	\$ 8,945,056	\$ 8,361,056	\$ 584,000	\$ -
Alliance Worknet - StanWORKs	10,721,742	10,721,742	-	-
Area Agency on Aging	3,548,388	3,255,466	-	292,922
Behavioral Health and Recovery Services	43,483,562	41,338,735	1,319,468	825,359
BHRS - Alcohol and Drug	7,560,287	7,560,287	-	-
BHRS - Managed Care	10,567,170	7,764,394	2,802,776	-
BHRS - Mental Health Services Act	23,724,421	23,724,421	-	-
BHRS - Public Guardian	1,232,013	108,000	-	1,124,013
BHRS - Stanislaus Recovery Center	2,309,307	2,309,307	-	-
Chief Executive Office - County Fire Service Fund	1,423,738	1,243,900	-	179,838
Chief Executive Office - DNA Identification Fund Prop 69	308,000	130,000	178,000	-
Chief Executive Office - DOJ Drug & Alcohol	120,000	36,000	28,457	55,543
Chief Executive Office - OES Homeland Security Grants	484,593	484,593	-	-
Child Support Services	15,730,262	15,730,262	-	-
Children and Families Commission	7,490,083	5,456,069	2,034,014	-
Clerk-Recorder - Vital & Health Statistics	50,000	48,000	2,000	-
Clerk-Recorder Modernization	2,273,543	783,492	1,490,051	-
Cooperative Extension - Farm & Home Advisors Research Trust	16,892	-	16,892	-
CSA - County Children's Fund	243,678	166,075	77,603	-
CSA - General Assistance	729,176	188,473	-	540,703
CSA - IHSS Provider Wages	67,974,473	66,020,211	-	1,954,262
CSA - IHSS Public Authority - Administration	587,541	587,541	-	-
CSA - IHSS Public Authority - Benefits	2,559,250	2,469,013	-	90,237
CSA - Integrated Children's Services	235,986	235,986	-	-
CSA - Public Economic Assistance	108,210,056	102,885,107	-	5,324,949
CSA - Services and Support	139,989,096	136,584,807	-	3,404,289
District Attorney - Arson Task Force	524	-	524	-
District Attorney - Auto Insurance Fraud Prosecution	202,639	202,639	-	-
District Attorney - Consumer Fraud	230,000	-	230,000	-
District Attorney - Criminal Division Asset Forfeiture	1,000	-	1,000	-
District Attorney - Elder Abuse Advocacy & Outreach	-	-	-	-
District Attorney - Federal Asset Forfeiture	4,600	-	4,600	-
District Attorney - Impaired Driver Vertical Prosecution	346,868	346,868	-	-
District Attorney - Real Estate Fraud	388,115	235,000	-	153,115
District Attorney - Rural Crimes Prevention	-	-	-	-
District Attorney - Unserved/Underserved Victim Advocacy and Outreach Program	111,726	111,726	-	-
District Attorney - Vertical Prosecution Block Grant	-	-	-	-
District Attorney - Victim Compensation & Government Claims	63,853	63,853	-	-
District Attorney - Victim Services Program	357,009	353,681	-	3,328
Environmental Resources	7,405,806	6,045,637	784,505	575,664
Environmental Resources - AB 939	800,000	800,000	-	-
Environmental Resources - Abandoned Vehicles	64,743	50,000	14,743	-
Environmental Resources - Beverage Container Recycling	29,048	29,048	-	-
Environmental Resources - Code Enforcement Abatement	20,000	-	20,000	-
Environmental Resources - Disclosure Program	359,000	359,000	-	-
Environmental Resources - E-Waste Collection Facility	47,000	47,000	-	-
Environmental Resources - Household Hazardous Waste	794,770	794,770	-	-
Environmental Resources - Trust Fund	54,409	-	54,409	-
Environmental Resources - Underground Storage Tank	258,970	258,970	-	-
Environmental Resources - Used Oil Recycling	88,544	88,544	-	-
Environmental Resources - Vehicle Registration Fee Surcharge	67,733	4,500	63,233	-



## 2014-2015 Recommended Final Budget Net County Cost Schedule

Fund Type	Recommended Final Budget Expenditures	Recommended Final Budget Revenue	Recommended Final Budget Fund Balance/ Retained Earnings	Recommended Final Budget Net County Cost
Environmental Resources - Waste Tire Enforcement Grant	130,000	130,000	-	-
General Services Agency - 12th Street - Office Building	48,721	20,449	6,952	21,320
H.S.A. - I.H.C.P. (CHIP)	-	-	-	-
Health Services Agency - Administration	7,090,589	7,090,589	-	-
Health Services Agency - EMS Discretionary Fund	252,183	133,360	118,823	-
Health Services Agency - IHCP EMS Hospital	275,000	275,000	-	-
Health Services Agency - IHCP EMS Physicians	886,500	586,500	300,000	-
Health Services Agency - Indigent Health Care	2,460,187	422,017	(413,917)	2,452,087
Health Services Agency - PH Vital and Health Statistics	20,000	50,000	(30,000)	-
Health Services Agency - Public Health	25,575,605	24,771,130	-	804,475
Library	10,090,391	9,094,950	503,631	491,810
Parks and Recreation - Fish and Wildlife	30,081	5,000	25,081	-
Parks and Recreation - Modesto Reservoir Patrol	70,000	23,000	47,000	-
Parks and Recreation - Off-Highway Vehicle Fund	620,344	550,913	69,431	-
Parks and Recreation - Regional Water Safety Training Center	39,000	30,000	9,000	-
Planning - Building Permits	2,201,843	1,966,757	235,086	-
Planning - Dangerous Bldg Abatement	260,000	505,100	(245,100)	-
Planning - General Plan Maintenance	180,500	120,000	60,500	-
Planning - Salida Planning Efforts	-	-	-	-
Planning - Special Revenue Grants	5,924,772	6,265,277	(340,505)	-
Planning - Successor Housing Agency	-	-	-	-
Probation - Corrections Performance Incentive Fund	501,398	501,398	-	-
Probation - Juvenile Accountability Block Grant	23,241	23,241	-	-
Probation - Juvenile Justice Crime Prevention Act	1,710,300	1,710,300	-	-
Probation - Local Community Corrections	16,223,569	16,223,569	-	-
Probation - Ward Welfare Fund	40,000	40,000	-	-
Probation - Youthful Offender Block Grant	1,242,183	1,242,183	-	-
Public Works - Administration	1,249,530	1,127,044	-	122,486
Public Works - Engineering	4,421,864	4,315,307	61,557	45,000
Public Works - Road and Bridge	81,890,935	77,358,367	4,532,568	-
Sheriff - CAL ID Program	684,333	415,000	269,333	-
Sheriff - CAL-MMET	770,563	705,000	65,563	-
Sheriff - Civil Process Fee	276,967	285,000	(8,033)	-
Sheriff - Court Security	5,118,142	4,597,993	437,911	82,238
Sheriff - Dedicated Funds	-	-	-	-
Sheriff - Driver Training Program	194,272	194,272	-	-
Sheriff - Justice Assistance Grant	131,013	131,013	-	-
Sheriff - Vehicle Theft Unit	459,913	419,000	40,913	-
<b>Total Special Revenue Funds</b>	<b>\$ 643,308,609</b>	<b>\$ 609,312,902</b>	<b>\$ 15,452,069</b>	<b>\$ 18,543,638</b>
<b>Capital Projects Funds</b>				
Chief Executive Office - Courthouse Construction Fund	\$ 385,000	\$ 522,000	\$ (137,000)	\$ -
Chief Executive Office - Criminal Justice Facilities Fund	830,510	615,000	215,510	-
Planning - RDA Housing Set Aside	-	-	-	-
Planning - Redevelopment Agency	-	-	-	-
<b>Total Capital Projects Funds</b>	<b>\$ 1,215,510</b>	<b>\$ 1,137,000</b>	<b>\$ 78,510</b>	<b>\$ -</b>
<b>Enterprise Funds</b>				
Environmental Resources - Fink Road Landfill	\$ 9,073,486	\$ 6,496,829	\$ 2,576,657	\$ -
Environmental Resources - Geer Road Landfill	1,744,932	1,712,575	32,357	-
Health Services Agency - Clinic and Ancillary Svcs	55,572,379	52,458,982	-	3,113,397
Public Works - Local Transit System	11,097,229	7,293,008	3,804,221	-
Sheriff - Jail Commissary / Inmate Welfare	1,711,793	1,449,193	262,600	-
<b>Total Enterprise Funds</b>	<b>\$ 79,199,819</b>	<b>\$ 69,410,587</b>	<b>\$ 6,675,835</b>	<b>\$ 3,113,397</b>



## 2014-2015 Recommended Final Budget Net County Cost Schedule

Fund Type	Recommended Final Budget Expenditures	Recommended Final Budget Revenue	Recommended Final Budget Fund Balance/ Retained Earnings	Recommended Final Budget Net County Cost
<b>Internal Service Funds</b>				
Chief Executive Office - Dental Self-Insurance	\$ 3,825,600	\$ 3,450,600	\$ 375,000	\$ -
Chief Executive Office - General Liability	4,161,027	4,611,027	(450,000)	-
Chief Executive Office - Medical Self-Insurance	57,000,000	59,000,000	(2,000,000)	-
Chief Executive Office - Other Employee Benefits	550,500	530,500	20,000	-
Chief Executive Office - Professional Liability	674,300	674,300	-	-
Chief Executive Office - Unemployment Insurance	605,600	205,600	400,000	-
Chief Executive Office - Vision Care Insurance	763,037	513,037	250,000	-
Chief Executive Office - Workers' Compensation	4,890,000	4,890,000	-	-
General Services Agency - Central Services Division	1,254,471	1,254,471	-	-
General Services Agency - Facilities Maintenance Division	4,895,136	4,720,947	174,189	-
General Services Agency - Fleet Services Division	2,770,574	2,708,784	61,790	-
General Services Agency - Utilities	4,325,180	4,325,180	-	-
Integrated Criminal Justice Information System	975,550	499,870	475,680	-
Public Works - Morgan Shop	5,348,600	3,937,380	1,411,220	-
S.B.T. - Telecommunications	1,152,642	814,599	338,043	-
Strategic Business Technology	4,658,312	4,091,195	567,117	-
<b>Total Internal Service Funds</b>	<b>\$ 97,850,529</b>	<b>\$ 96,227,490</b>	<b>\$ 1,623,039</b>	<b>\$ -</b>
<hr/>				
<b>Total All Funds</b>	<b>\$ 1,092,658,111</b>	<b>\$ 1,017,732,001</b>	<b>\$ 53,269,075</b>	<b>\$ 21,657,035</b>
<hr/>				
<b>OTHER COUNTY MATCH CONTRIBUTIONS/CONTINGENCIES</b>				
County Match Contingency	\$ -	\$ -	\$ -	\$ -
HSA Deficit Repayment	-	-	-	16,816,447
Law Library	-	-	-	46,610
North McHenry Tax Sharing	-	-	-	2,085,105
Local Area Formation Commission	-	-	-	190,888
Stanislaus Animal Services Agency	-	-	-	1,374,777
Stanislaus Council of Governments	-	-	-	4,282
<b>Total Other County Match Contributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,518,109</b>
<hr/>				
<b>TOTAL COUNTY APPROPRIATIONS</b>	<b>\$ 1,092,658,111</b>	<b>\$ 1,017,732,001</b>	<b>\$ 53,269,075</b>	<b>\$ 42,175,144</b>



## 2014-2015 Recommended Final Budget Fund Balance Report

	Beginning Fund Balance 7/1/2014	Recommended Final Budget Revenue	Recommended Final Budget Appropriations	Projected Fund Balance 6/30/2015
<b>GENERAL FUND</b>	\$ 137,870,659	\$ 241,644,022	\$ (271,083,644)	\$ 108,431,037
<b>SPECIAL REVENUE</b>				
1001 ER Environmental Resources	7,244,726	6,621,301	(7,405,806)	6,460,221
1002 ER Household Hazardous Waste	618,503	794,770	(794,770)	618,503
1003 ER Vehicle Registration	366,720	4,500	(67,733)	303,487
1004 ER Source Reduction & Recycling	827	800,000	(800,000)	827
1005 ER Disclosure Program	366,602	359,000	(359,000)	366,602
1006 ER Local Oversight Program	121,973	258,970	(258,970)	121,973
1008 ER Used Oil Recycling	-	88,544	(88,544)	-
1009 ER Environmental Enforcement	55,118	-	(54,409)	709
1010 ER Beverage Container Recycling	-	29,048	(29,048)	-
1012 ER Waste Tire Enforcement Grant	-	130,000	(130,000)	-
1014 ER Abandoned Vehicle	109,491	50,000	(64,743)	94,748
1015 ER E-Waste Collection Center	(5,764)	47,000	(47,000)	(5,764)
1016 ER-Code Enforcement Abatement	125,000	-	(20,000)	105,000
1051 AAA Area Agency on Aging	804,008	3,548,388	(3,548,388)	804,008
1071 Department of Child Support Services	1,580,695	15,730,262	(15,730,262)	1,580,695
1101 PW Road & Bridge	18,429,675	16,662,659	(16,457,178)	18,635,156
1102 PW Road Projects	209,952	60,695,708	(65,433,757)	(4,528,097)
1103 PW AB-2928 Supplemental Maintenance	11,197	-	-	11,197
1104 PW Kaiser Voluntary Funds (Road Infrastructure)	382,408	-	-	382,408
1151 PW Parklawn Sewer Project	(18,972)	-	-	(18,972)
1201 PW Administration	125,424	1,249,530	(1,249,530)	125,424
1202 PW Engineering	(24,493)	4,260,307	(4,260,307)	(24,493)
1203 PW County survey monument pres	286,327	100,000	(161,557)	224,770
1206 PL Building Permits Division	2,139,077	1,966,757	(2,201,843)	1,903,991
1250 DO NOT USE Successor Housing Agency Fund	(38,495)	-	-	(38,495)
1317 AW Stan Work	-	10,721,742	(10,721,742)	-
1320 AW Subfund Clearing Pool	1,486,034	8,361,056	(8,945,056)	902,034
1401 HSA Administration	92,959	7,090,589	(7,090,589)	92,959
1402 HSA Public Health	5,141,231	24,986,505	(24,986,505)	5,141,231
1404 HSA Indigent Health Care	(993,839)	2,874,104	(2,460,187)	(579,922)
1405 HSA PH Tobacco Tax Education	1,448	150,000	(150,000)	1,448
1428 HSA PH Vital and Health Statistics	610,575	50,000	(20,000)	640,575
1429 HSA EMS - Discretionary	147,302	133,360	(252,183)	28,479
1434 HSA IHCP EMS-Hospitals	123,518	275,000	(275,000)	123,518
1435 HSA IHCP EMS-Physicians	286,153	586,500	(886,500)	(13,847)
1436 HSA PH CDC Base Funding	2,797	391,257	(391,257)	2,797
1438 HSA PH HPP Base Funding	1,172	47,843	(47,843)	1,172
1501 Mental Health	19,552,090	42,164,094	(43,483,562)	18,232,622
1502 MH Alcohol & Drug	451,842	7,560,287	(7,560,287)	451,842
1503 MH Public Guardian	226,605	1,232,013	(1,232,013)	226,605
1504 MH Managed Care	(4,288,755)	7,764,394	(10,567,170)	(7,091,531)
1505 MH Stanislaus Recovery Center	629,375	2,309,307	(2,309,307)	629,375
1507 MH Prop 63	25,491	23,724,421	(23,724,421)	25,491
1631 CSA Program Services & Support	96,514	139,989,096	(139,989,096)	96,514
1632 CSA Public Economic Assistance	-	108,210,056	(108,210,056)	-
1633 CSA General Assistance	-	729,176	(729,176)	-
1636 CSA Integrated Childrens Services	7,340	235,986	(235,986)	7,340



## 2014-2015 Recommended Final Budget Fund Balance Report

	Beginning Fund Balance 7/1/2014	Recommended Final Budget Revenue	Recommended Final Budget Appropriations	Projected Fund Balance 6/30/2015
1637 CSA County Children's Fund	171,634	166,075	(243,678)	94,031
1640 CSA Public Authority - Administration	-	587,541	(587,541)	-
1641 CSA Public Authority - Benefits Administration	-	2,559,250	(2,559,250)	-
1642 CSA IHSS Provider Wages	-	67,974,473	(67,974,473)	-
1651 Library	9,003,021	9,586,760	(10,090,391)	8,499,390
1670 CEO OES Homeland Security Grant	(3,404)	484,593	(484,593)	(3,404)
1677 CEO OES Homeland Security Grant 2011	(32,609)	-	-	(32,609)
1678 DA Impaired Driver Vertical Prosecution Program	(1,557)	346,868	(346,868)	(1,557)
1679 PROB Local Community Corrections	6,862,230	16,223,569	(16,223,569)	6,862,230
1680 CEO Honor Farm Barracks 1,2 Proceeds	695,179	-	-	695,179
1681 PL St Cal Home 2010 Grant	137,326	250,000	(225,000)	162,326
1682 PL - State Grants	(265,748)	1,286,364	(806,325)	214,291
1683 PL HOME Grant	94,777	248,462	(265,111)	78,128
1684 PL Annual Work Plan-Hughson	-	184,068	(184,068)	-
1685 CEO OES Homeland Security Grant 2010	11,793	-	-	11,793
1686 DA Unserved/Underserved Victim Advocacy and Outreach Program	(145)	111,726	(111,726)	(145)
1687 CEO Stanislaus Family Justice Center	(219)	-	-	(219)
1688 PROB Corrections Performance Incentive Act	1,054,644	501,398	(501,398)	1,054,644
1689 PL St Cal Home Grant Housing Rehabilitation	205,840	187,500	(177,807)	215,533
1690 CEO OES Homeland Security Grant 2009	2,450	-	-	2,450
1691 PL CDBG/NSP3	(28,685)	603,000	(603,000)	(28,685)
1692 PL CDBG-R (Recovery Act)	105,573	44,427	(150,000)	-
1693 PL CDBG-HPRP & Emergency Solutions (Homeless Prevention Program)	(76)	171,581	(171,581)	(76)
1694 PKS Regional Water Safety Training Center	125,931	30,000	(39,000)	116,931
1695 PL Con Plan-County-CDBG/NSP	12,272	370,000	(370,000)	12,272
1696 OES 2007 PSIC Grant Program	(20,599)	-	-	(20,599)
1697 CEO OES Homeland Security Grant 2008	11,693	-	-	11,693
1698 PROB Youthful Offender Block Grant (YOBG)	5,147,736	1,242,183	(1,242,183)	5,147,736
1702 PARKS-Off Highway Vehicle Fund	380,925	550,913	(620,344)	311,494
1703 SO Cal Id	476,667	415,000	(684,333)	207,334
1707 DA Federal Asset Forfeiture	4,604	-	(4,600)	4
1710 DA BOC Victim Restitution	(1)	63,853	(63,853)	(1)
1711 DA Child Abduction	5,000	-	-	5,000
1712 DA Auto Fraud	52,007	202,639	(202,639)	52,007
1714 DA Victim Witness	8,579	357,009	(357,009)	8,579
1715 SO Vehicle Theft	282,182	419,000	(459,913)	241,269
1716 DA Rural Crime Task Force	-	-	-	-
1717 PL State CDBG Program Income	52,004	47,995	(100,000)	(1)
1723 CLK Fixed Asset Acquisition	3,087,398	783,492	(2,273,543)	1,597,347
1725 CEO County Fire Service	803,471	1,423,738	(1,423,738)	803,471
1726 CEO Alcohol and Drug Analysis	116,157	91,543	(120,000)	87,700
1727 PARKS-Fish and Wildlife	30,281	5,000	(30,081)	5,200
1728 PARKS-Modesto Reservoir Patrol	249,257	23,000	(70,000)	202,257
1737 PROB Criminalistics Lab	107,242	-	-	107,242
1743 SO Sheriff's Dedicated Funds	281,609	-	-	281,609
1746 PL Dangerous Bldg Abatement fund	29,362	505,100	(260,000)	274,462
1755 CFFC Children and Families Commission	11,345,773	5,456,069	(7,490,083)	9,311,759
1759 AG Ag Comm Development Fees	856	-	-	856
1761 DA Arson Task Force	524	-	(524)	-
1764 PROB Juvenile Accountability Grant 2003	6,557	23,241	(23,241)	6,557



## 2014-2015 Recommended Final Budget Fund Balance Report

	Beginning Fund Balance 7/1/2014	Recommended Final Budget Revenue	Recommended Final Budget Appropriations	Projected Fund Balance 6/30/2015
1765 PROB Ward Welfare fund	354,636	40,000	(40,000)	354,636
1766 COOP Farm & Home Advisors Research	49,234	-	(16,892)	32,342
1767 CEO 2003 Local Law Enforcement Block Grant	263	-	-	263
1768 SO Sheriffs Civil Process Fee	1,429,446	285,000	(276,967)	1,437,479
1769 SO Sheriffs Driver Training Program	37,736	194,272	(194,272)	37,736
1771 DA Asset Forfeiture	20,018	-	(1,000)	19,018
1775 DA Vertical Prosecution Block Grant	4,959	-	-	4,959
1776 DA Real Estate Fraud Prosecution	216,752	388,115	(388,115)	216,752
1777 CEO Prop 69-DNA Identification	480,276	130,000	(308,000)	302,276
1780 SO Cal-MMET	619,941	705,000	(770,563)	554,378
1781 AC Tobacco Settlement Securitization	58,785,110	-	-	58,785,110
1782 PL State CalHome Grant Reuse	67,916	1,000	(1,000)	67,916
1783 PL Annual Work Plan-County	(123,622)	1,764,048	(1,764,048)	(123,622)
1784 PL Annual Work Plan-Oakdale	-	214,239	(214,239)	-
1785 PL Annual Work Plan-Patterson	-	200,089	(200,089)	-
1786 CLK Vital and Health Statistics	200,010	48,000	(50,000)	198,010
1792 CEO OES Homeland Security Grant 2006	4,111	-	-	4,111
1793 PROB cpa 2004/2005	41	-	-	41
1797 CEO 2004 Local Law Enforcement Block Grant	1,751	-	-	1,751
1798 PROB JJCPA Programs	2,380,513	1,710,300	(1,710,300)	2,380,513
1799 CEO Justice Assistance Grants (JAG)	-	131,013	(131,013)	-
171A GSA 12th Street Office Bldg	6,952	41,769	(48,721)	-
171B GSA 12th St Condominium Resv (former Parking Garage)	42,000	-	-	42,000
176C SO Court Security	878,991	4,680,231	(5,118,142)	441,080
177A DA Enforce Consumer Protection Laws	231,406	-	(230,000)	1,406
178A PL Annual Work Plan-Ceres	-	303,256	(303,256)	-
178B PL Annual Work Plan-Newman	-	200,239	(200,239)	-
178C PL Annual Work Plan-Waterford	-	189,009	(189,009)	-
178D PL Salida Planning Efforts	441,220	-	-	441,220
179A PL General Plan Maintenance Fees	1,523,631	120,000	(180,500)	1,463,131
179B CEO OES Homeland Security Grant 2005	(13,972)	-	-	(13,972)
179C AC 2006 Tobacco Securitization	38,253,809	-	-	38,253,809
179D CEO OES Homeland Security Grant 2007	215	-	-	215

**Total Special Revenue Funds \$ 202,992,705 \$ 627,856,540 \$ (643,308,609) \$ 187,540,636**

### CAPITAL PROJECTS

2025 CEO Courthouse Construction	3,749,856	522,000	(385,000)	3,886,856
2026 CEO Criminal Justice Facility	1,736,704	615,000	(830,510)	1,521,194

**Capital Projects Total \$ 5,486,560 \$ 1,137,000 \$ (1,215,510) \$ 5,408,050**

### ENTERPRISE

4001 PW Transit	14,956,100	7,293,008	(11,097,229)	11,151,879
4021 ER Fink Road Landfill	23,683,800	6,496,829	(9,073,486)	21,107,143
4031 ER Geer Road Landfill	236,274	1,712,575	(1,744,932)	203,917
4051 HSA Clinic & Ancillary Services	(8,977,488)	55,572,379	(55,572,379)	(8,977,488)
4081 SO Inmate Welfare/Commissary	1,071,554	1,449,193	(1,711,793)	808,954

**Enterprise Fund Total \$ 30,970,240 \$ 72,523,984 \$ (79,199,819) \$ 24,294,405**





## 2014-2015 Recommended Final Budget Fund Balance Report

		Beginning Fund Balance 7/1/2014	Recommended Final Budget Revenue	Recommended Final Budget Appropriations	Projected Fund Balance 6/30/2015
<b>INTERNAL SERVICE</b>					
5001	GSA Central Services	99,927	1,254,471	(1,254,471)	99,927
5011	Communications	809,200	814,599	(1,152,642)	471,157
5021	GSA Fleet Services	1,072,568	2,708,784	(2,770,574)	1,010,778
5022	GSA Fleet Services Vehicle Replacement	13,018	-	-	13,018
5031	MIS General	2,577,425	4,091,195	(4,595,698)	2,072,922
5038	HRMS Upgrade	62,782	-	(62,614)	168
5051	General Liability	(1,328,554)	4,611,027	(4,161,027)	(878,554)
5061	Professional Liability	713,942	674,300	(674,300)	713,942
5071	Unemployment Insurance	1,012,833	205,600	(605,600)	612,833
5081	Workers' Compensation Ins	2,181,966	4,890,000	(4,890,000)	2,181,966
5091	Medical Self-Insurance (Purchased Insurance)	(7,764,214)	59,000,000	(57,000,000)	(5,764,214)
5093	Other Employee Benefits	417,727	530,500	(550,500)	397,727
5101	Dental Insurance	981,733	3,450,600	(3,825,600)	606,733
5111	Vision Insurance	345,637	513,037	(763,037)	95,637
5121	PWMorgan Shop Garage	9,558,459	3,937,380	(5,348,600)	8,147,239
5141	CEO I-CJIS Project	2,625,899	499,870	(975,550)	2,150,219
5170	GSA Facility Maintenance	1,350,949	9,046,127	(9,220,316)	1,176,760
<b>Internal Service Fund Total</b>		<b>\$ 14,731,297</b>	<b>\$ 96,227,490</b>	<b>\$ (97,850,529)</b>	<b>\$ 13,108,258</b>
		<b>Total</b>	<b>\$ 392,051,461</b>	<b>\$ 1,039,389,036</b>	<b>\$(1,092,658,111)</b>
					<b>\$ 338,782,386</b>

The Fund Balance Report depicts the fund balance/retained earnings position of the County's General, Special Revenue, Capital Projects, Enterprise and Internal Service funds. Variations of over 10% in any of the major funds are described in the individual departmental fund discussions. Ideally, each fund should reflect a positive position after accounting for recommended budget requests. Negative balances can be divided into a few general categories.

Several of the funds in a negative fund balance position can be covered through fund transfers from other departmental funds. An example includes the Mental Health fund (1501) providing the resources for the Mental Health Managed Care fund (1504).

Some of the funds show negative balances due to the timing of reimbursement revenue. Prime examples are the Planning and Office of Emergency Services grants that have incurred costs in the prior fiscal year but have yet to receive reimbursement from the Federal or State agency that provides the funds. Also included in this category are the District Attorney funds and the Health Services Agency Indigent Health Care fund.

The final category of negatively impacted funds includes those departments that have structural issues with an identified corrective plan of action. Most notable are the Health Services Agency Clinics & Ancillary Services Enterprise fund which has a plan in place to pay off debt accumulated between the late 1990's through 2005. The General Liability fund (5051) negative balance is the result of an accounting adjustment made at the end of Fiscal Year 2009-2010 to increase the fund liability based on their annual actuarial review. The Medical Self-Insurance fund (5091) negative balance is the result of higher-than-anticipated claims payments.

## **GENERAL FUND—CLASSIFICATION OF FUND BALANCE**

The Government Accounting Standards Board (GASB) Statement No. 54 establishes five categories for the classification of fund balance: Nonspendable, Restricted, Committed, Assigned and Unassigned. Although only the General Fund is addressed in this section, Statement No. 54 applies to the Special Revenue and Capital Project funds as well. The amounts in the 2014-2015 Final Budget General Fund Classification of Fund Balance schedule show actual beginning balances as of July 1, 2014, adjustment strategies, budgeted use of fund balance and the projected ending balances of each category.

**Nonspendable** fund balance includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (such as the long term amount of notes receivable or prepaid amounts). The July 1, 2014 balance of this classification is \$19,662,271 and includes balances for the Economic Development Bank advances, Teeter receivable, fair value adjustment of investments and Encumbrances. No changes are anticipated for this category in Fiscal Year 2014-2015 and the estimated June 30, 2015, balance is \$19,662,271.

**Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external parties (such as creditors, grant providers or contributors) or through enabling legislation. The only restricted account at this time is for Tax Loss Reserve, the balance for which is \$3,872,119, and it is anticipated to remain the same for Fiscal Year 2014-2015.

**Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the Board of Supervisors). Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The committed fund balance as of July 1, 2014, is \$4,510,889 and includes commitments for Frank Raines Park project, litigation exposure, Property Tax Administration Fees ("PTAF"), Animal Services Facility debt repayments and capital acquisitions. As an adjustment strategy, it is recommended that the remaining PTAF balance of \$800,689 be released to the unassigned fund balance since final settlement payments were made to the cities in Fiscal Year 2013-2014. Additionally, it is recommended that Capital Acquisition commitment be increased by a total of \$641,882 for the Fiscal Year 2013-2014 repayments of Animal Services Facility, Public Safety Center Jail Expansion and Coroner Facility projects, for debt that was funded from the Tobacco fund. With these adjustments, the projected June 30, 2015 balance of Committed fund category is estimated to be \$4,352,082.

**Assigned** fund balance is comprised of amounts intended to be used by the government for specific purposes that are neither restricted nor committed. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; the Board of Supervisors has delegated this authority to the Chief Executive Office. Assigned fund balance can be used to assist in balancing the subsequent year's budget.

Significant amounts reflected in the July 1, 2014 assigned fund balance of \$93,166,686 are \$22,375,124 for the Teeter Plan, \$8,800,000 for future year retirement obligations, \$12,320,892 for the General Fund Contingency Reserve Policy, \$3,130,289 in carryover appropriations, \$12,410,000 for the Debt Service Reserve Policy, \$14,762,332 for Net County Cost Savings Program (75% carryover appropriations), \$11,844,743 for 2013-2014 budget balancing and other assignments for \$7,477,425.

As balancing strategies for the 2014-2015 Final Budget, it is recommended that the 2013-2014 Budget Balancing assignment of \$11,844,743 be increased by \$5,249,247, to \$17,093,990 for the 2014-2015 Recommended Final Budget balancing. Other adjustment strategies in this category request increases of \$426,642 in additional funds required for the General Fund Contingency Reserve Policy and \$256,797 for the Debt Service Reserve Policy. Additionally, a decrease, or release, of \$2,416,700 in the Net County Cost Savings Program is requested to adjust the existing assignment to \$12,345,632. In the Assigned Other account of this category, new assignments are requested for the future repayment of coroner facility debt in the amount of \$6,200,000 and for deferred maintenance in the amount of \$3,000,000, for a total of \$9,200,000. The total adjustment strategies mentioned above in the Assigned category amount to



\$12,715,986. The assigned fund balance is projected to be \$76,443,050 on June 30, 2015, after the adjustment strategies mentioned above and assuming the use of \$17,093,990 for the 2014-2015 budget and \$12,345,632 in net county cost savings.

**Unassigned** fund balance is the classification for the General Fund which includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The July 1, 2014 total of unassigned balance is \$16,658,694. Recommended adjustment strategies for the Committed and Assigned categories will require a total transfer of \$12,557,179 from the Unassigned category. The projected Unassigned Fund Balance on June 30, 2015 is estimated to be \$2,257,419 for the General Fund, \$520,862 for the Economic Development Bank, \$1,323,058 for the Community Development Bank and \$176 for Facility Maintenance, after the total recommended adjustments mentioned above are made from the committed and assigned fund balance categories.

In summary, the projected total General Fund June 30, 2015, balance after the adjustment strategies and budgeted use of fund balance is estimated to be \$108,431,037, which is a net change of \$29,439,622 from the July 1, 2014, total balance of \$137,870,659.



## 2014-2015 Recommended Final Budget Classification of Fund Balance

	Fund Balance 7/1/14	Adjustment Strategies	Budgeted Use of Fund Balance	Projected Fund Balance 6/30/15
<b>GENERAL FUND</b>				
<b>Fund Balance - Nonspendable:</b>				
Fund 100 - Fair value adjustment	\$ 721,057			\$ 721,057
Fund 105 - Fair value adjustment	2,623			2,623
Imprest Cash	91,935			91,935
Advances to other funds	100,000			100,000
Advances to other governments	372,069			372,069
Fund 105 - Economic Development advances	4,021,599			4,021,599
Teeter receivable	10,713,227			10,713,227
Prepaid items	216,186			216,186
Encumbrances (100)	3,420,538			3,420,538
Encumbrances (107)	3,037			3,037
				-
<b>Total Nonspendable</b>	<b>\$ 19,662,271</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,662,271</b>
<b>Fund Balance - Restricted:</b>				
Fund 106 - Tax Loss Reserve	\$ 3,872,119			\$ 3,872,119
				-
<b>Total Restricted</b>	<b>\$ 3,872,119</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,872,119</b>
<b>Fund Balance - Committed:</b>				
Total Committed Other	\$ 2,336,076	\$ (800,689)	\$ -	\$ 1,535,387
Total Committed - Capital Acquisition	2,174,813	641,882		2,816,695
				-
<b>Total Committed</b>	<b>\$ 4,510,889</b>	<b>\$ (158,807)</b>	<b>\$ -</b>	<b>\$ 4,352,082</b>
<b>Fund Balance - Assigned:</b>				
Contingencies	\$ 12,320,892	\$ 426,642		\$ 12,747,534
Retirement Obligation	8,800,000			8,800,000
Teeter Plan	22,375,124			22,375,124
Carryover Appropriations (100)	3,130,289			3,130,289
Carryover Appropriations (107)	857			857
75% Carryover Appropriations (100)	14,762,332	(2,416,700)	(12,345,632)	-
Encumbrances-Econ Development (105)	45,024			45,024
Debt Service Reserve	12,410,000	256,797		12,666,797
Total Assigned Other	7,477,425	9,200,000		16,677,425
Budget Balancing	11,844,743	5,249,247	(17,093,990)	-
				-
<b>Total Assigned</b>	<b>\$ 93,166,686</b>	<b>\$ 12,715,986</b>	<b>\$ (29,439,622)</b>	<b>\$ 76,443,050</b>
<b>Fund Balance - Unassigned</b>				
General Fund (100)	\$ 14,814,598	\$ (12,557,179)		\$ 2,257,419
Facility Maintenance (104)	176			176
Economic Development Bank (105)	520,862			520,862
Community Development Bank (107)	\$ 1,323,058			1,323,058
				-
<b>Total Unassigned</b>	<b>\$ 16,658,694</b>	<b>\$ (12,557,179)</b>	<b>\$ -</b>	<b>\$ 4,101,515</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 137,870,659</b>	<b>\$ -</b>	<b>\$ (29,439,622)</b>	<b>\$ 108,431,037</b>



## 2014-2015 Recommended Final Budget Discretionary Revenue

ACCOUNT DESCRIPTION		Actuals As of 6/30/2013	Actuals As of 6/30/2014	Recommended Final Budget 2014-2015
<b>TAXES</b>				
10000	Property taxes-current secured	32,417,669	34,328,700	37,500,000
10005	Property Taxes-Unitary	1,033,569	1,085,382	1,107,000
10007	Property Taxes-SRAF Loan	8,389,087	-	-
10210	RDA Pass Through Increment	2,304,499	2,395,095	2,440,000
10400	Property taxes-current unsecured	1,799,223	1,833,760	1,900,000
11000	Property taxes-prior unsecured	90,030	78,046	78,000
11400	Property taxes-supplemental	357,928	839,538	500,000
11800	Sales and use taxes	15,001,302	16,074,503	16,250,000
12600	Other taxes	3,555,292	676,149	-
12630	Other taxes-occupancy tax	762,827	813,692	820,000
12650	Other taxes-property transfer	1,297,875	1,556,982	1,600,000
12680	Other taxes-aircraft tax	233,537	234,160	241,000
12700	In Lieu of Sales and Use Tax revenue	4,764,501	5,502,719	5,550,000
12710	Property Tax In-Lieu of Vehicle License Fee	43,137,966	45,269,937	49,500,000
12750	FHA in lieu tax apportionment	16,584	-	-
12800	Tax deeded land sale appro.	3,901	2,322	-
<b>Total</b>		<b>115,165,790</b>	<b>110,690,985</b>	<b>117,486,000</b>
<b>LICENSES, PERMITS AND FRANCHISES</b>				
14000	Franchises	987,557	1,090,043	1,090,000
<b>Total</b>		<b>987,557</b>	<b>1,090,043</b>	<b>1,090,000</b>
<b>FINES, FORFEITURES &amp; PENALTIES</b>				
16500	Fines, Forfeitures & Penalties	5,827,385	5,410,759	2,660,000
<b>Total</b>		<b>5,827,385</b>	<b>5,410,759</b>	<b>2,660,000</b>
<b>REVENUE FROM USE OF MONEY</b>				
17000	Interest	2,136,874	1,651,374	1,735,000
18000	Rents and concessions	202,347	202,077	202,077
18060	Cnty Cntr III - SCOE	140,403	153,380	140,400
<b>Total</b>		<b>2,479,624</b>	<b>2,006,831</b>	<b>2,077,477</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
20390	St-motr VLF/in-lieu tax realignment	228,076	188,763	188,000
21460	St-Aid realignment	922,000	922,000	922,000
24400	State-Homeowners' prop tax relief	557,186	537,790	535,000
24800	State-Public safety (prop 172)	35,490,186	37,501,125	38,250,000
25850	St-Other-mandated costs	424,245	505,767	808,173
28800	Federal-Other	7	7	-
28810	Fed-Other-entitlement lands	-	56,922	-
29600	Fed-Other-Refuge Revenue Sharing	6,126	4,900	-
29700	City reimbursements	48,059	-	-
29715	Other Governmental Agencies	-	98,542	-
<b>Total</b>		<b>37,675,885</b>	<b>39,815,816</b>	<b>40,703,173</b>



## 2014-2015 Recommended Final Budget Discretionary Revenue

<b>ACCOUNT DESCRIPTION</b>		<b>Actuals As of 6/30/2013</b>	<b>Actuals As of 6/30/2014</b>	<b>Recommended Final Budget 2014-2015</b>
<b><u>CHARGES FOR SERVICES</u></b>				
30200	Special assessments	1,281,134	1,429,508	1,430,000
36990	Sb813 administration costs	170,980	243,572	240,000
38021	Govt fund rev A-87 carry forward	(485,653)	239,017	366,390
39901	Funds >13 rev A-87 carry forward	(198,000)	57,449	37,014
	<b>Total</b>	<b>768,461</b>	<b>1,969,547</b>	<b>2,073,404</b>
<b><u>MISCELLANEOUS REVENUE</u></b>				
40400	Miscellaneous Revenue	-	14,149	-
40410	Unclaimed monies	49,330	-	-
40560	Cancelled warrants	17,946	42,968	40,000
41450	Prior Period Revenue	(196,637)	-	-
	<b>Total</b>	<b>(129,361)</b>	<b>57,116</b>	<b>40,000</b>
<b><u>OTHER FINANCING SOURCES</u></b>				
46000	Sale of fixed assets	-	-	-
46600	Operating transfers in	327,123	327,123	327,123
46606	Transfer-2006 Tobacco repay for AB 900 Jail	-	158,560	-
46607	Transfer-2006 Tobacco repay for Coroners Facility	-	156,199	-
46612	Transfer-2002 endowment drawdown	1,940,272	1,767,422	1,816,447
46613	Transfer-2006 endowment drawdown	666,943	761,037	764,854
	<b>Total</b>	<b>2,934,338</b>	<b>3,170,341</b>	<b>2,908,424</b>
<b>TOTAL DISCRETIONARY REVENUE</b>		<b>165,709,680</b>	<b>164,211,438</b>	<b>169,038,478</b>
17610	Increase(decrease)-fair value of investments	(421,954)	-	-
<b>TOTAL ADJUSTED DISCRETIONARY REVENUE</b>		<b>165,287,726</b>	<b>164,211,438</b>	<b>169,038,478</b>

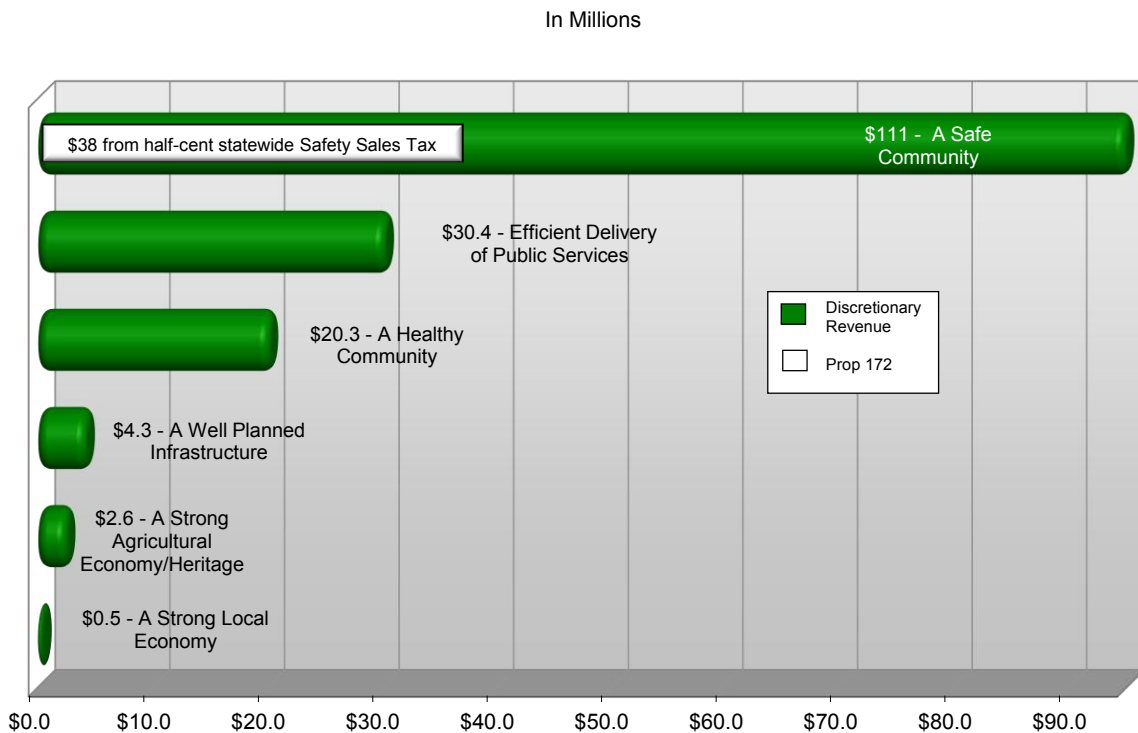
**DISCRETIONARY REVENUE**

Revenue available to fund programs at the Board of Supervisors’ discretion is referred to as Discretionary Revenue. The majority of Discretionary Revenue in the Fiscal Year 2014-2015 Recommended Final Budget supports funding for public safety and criminal justice services for the Sheriff, Probation, District Attorney and Public Defender as well as government-related services such as the Chief Executive Office, Assessor and the General Services Agency. Health and Human Services departments use Discretionary Revenue as matching funds to support Maintenance of Effort (MOE) requirements for leveraging additional revenues for Federal and State supported programs. Since most of the Board of Supervisors’ discretion is directly linked to this revenue source, considerable attention is given to key discretionary revenue sources.

The Fiscal Year 2014-2015 Recommended Final Budget, at \$169,038,478 projects an overall increase in discretionary revenue of \$8.9 million when compared to the Fiscal Year 2013-2014 Budget as adjusted at Mid-Year. This projected increase is primarily attributed to significant increase in property tax and modest increase in sales related tax revenues. After five years of decline, property tax revenue in Fiscal Year 2013-2014 increased by about 6% from the prior year and continued strong recovery is anticipated for this fiscal year. With the completion of the Assessed Roll valuation for Stanislaus County for Fiscal Year 2014-2015, the Assessor announced an increase of 11.50% in contrast to the cumulative drop of approximately 24% in the assessment roll in the recession years, from fiscal years 2008-2009 through 2012-2013.

The following chart summarizes the proposed distribution of discretionary revenue for Fiscal Year 2014-2015, clearly indicating that the Board of Supervisors’ top priority of “A Safe Community” is the largest recipient of this revenue source.

**Distribution of Discretionary Revenue – Recommended Final Budget 2014-2015**  
**\$169,038,478**



**Overview**

Over 90% of all discretionary revenue consists of property and sales tax sources. The largest dollar volume comes from current secured property taxes, property taxes received in-lieu of Vehicle License Fees, Public Safety Sales Tax (Prop 172) and the 1% local sales and use taxes. A number of these

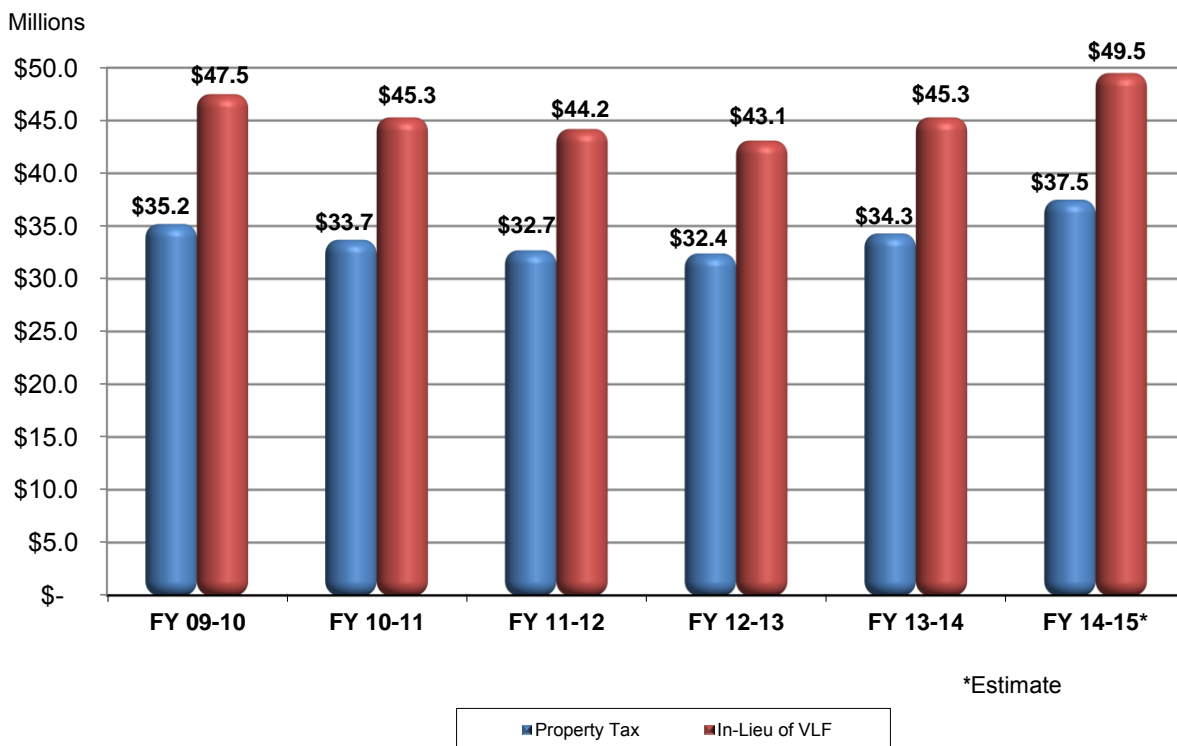
categories are monitored on a regular basis with consideration given to, among other factors, historical inflow trends and local and regional economic conditions. A brief summary of the major discretionary revenue categories is provided below.

### Secured Property Taxes and Property Taxes In-Lieu of Vehicle License Fees

The County receives a portion of the annual property tax revenues that are collected by the Tax Collector. This portion varies among tax code areas, depending on the percentage that is allocated for each area between the County, cities, special districts, redevelopment agencies and schools. The County's portion ranges from 10% to 12% of the taxes collected and is among the lowest county allocations in the State.

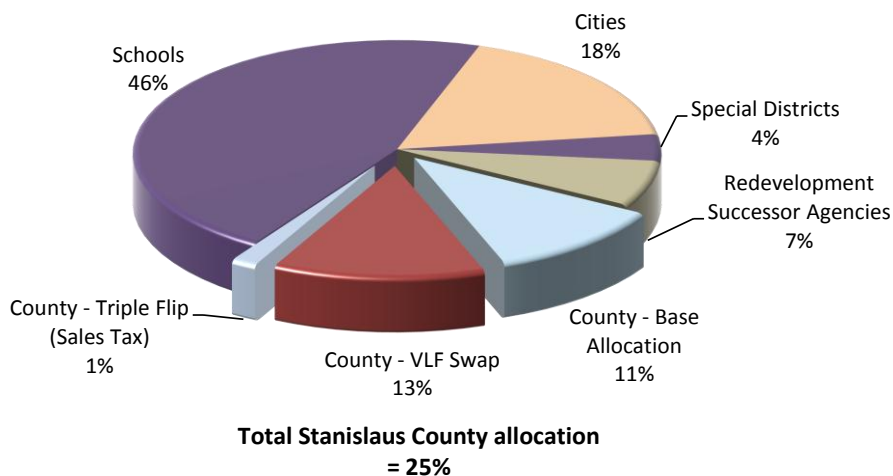
During the 2004-2005 Fiscal Year, a major shift in local government funding occurred as the revenue received from Vehicle License Fees (VLF) was exchanged by the State of California for an equivalent amount of property taxes. This swapped revenue, shown as "Property Tax In-Lieu of VLF" on the discretionary revenue schedule, increased the County's reliance on property tax revenue. The following chart reflects revenue received over the past six years comparing Secured Property Tax revenue to Property Taxes received in-lieu-of Vehicle License Fees:

### Property Tax and In-Lieu Vehicle License Tax



The formula to calculate Property Tax In Lieu of VLF is very specific, requiring the certified value of all properties provided to the Auditor-Controller by the Assessor as of January 1 of each year before tax roll adjustments. This provides for a uniform application across the State and any roll changes made are captured in the following year. The revised relative share of property tax by governmental entity when the VLF Swap and Sales Tax In Lieu of Property Tax revenues (discussed in the Sales and Use Tax section) are factored in is shown in the following chart and reflects the County's overall property tax percentage share of approximately 25%.

## Property Tax Allocations after VLF Swap and Triple Flip for Fiscal Year 2013-2014



### Public Safety Sales Tax

As a result of the 1993-1994 State Budget, property tax revenues were shifted from the counties and cities to schools, thereby reducing the State's funding obligations to public schools. A ½ cent sales tax was enacted in January of 1994 (Proposition 172) to help alleviate the impact to local government. This sales tax, known as the "Public Safety Sales Tax," allowed an additional ½ cent sales tax to be collected and allocated to local agencies to exclusively fund public safety activities. In Stanislaus County, these monies are used to fund the Sheriff, District Attorney, Probation and Juvenile Institutions operations.

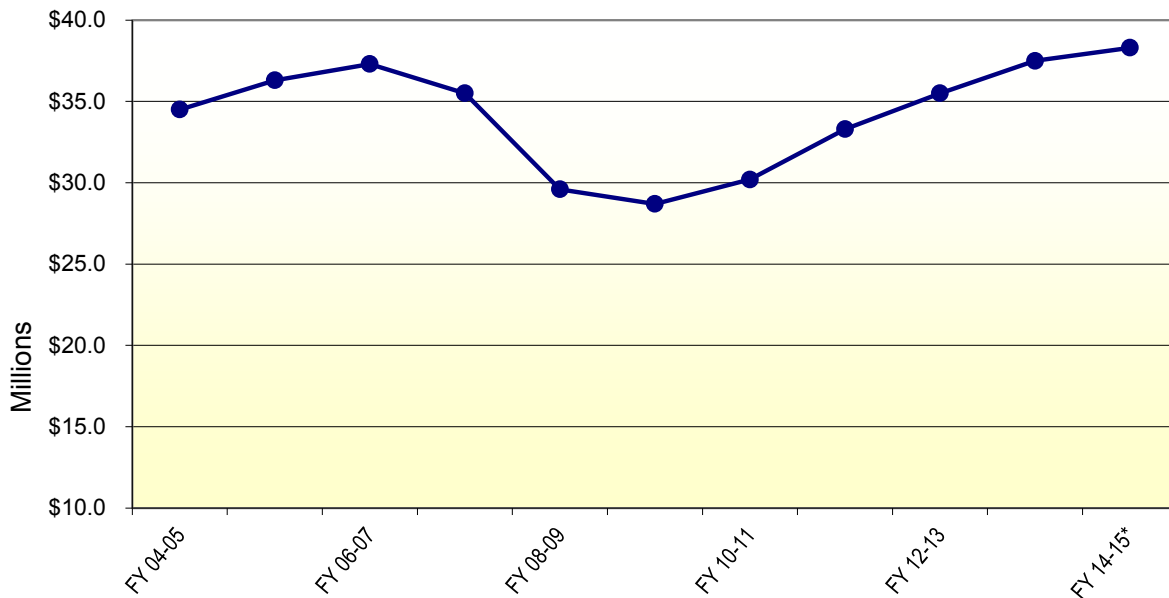
There is a Maintenance of Effort (MOE) for these funds that requires a minimum commitment of local resources to be allocated to public safety services. To receive the full allocation of these revenues, minimum funding levels for public safety functions must equal or exceed the 1992-1993 base year funding, adjusted by a growth factor. The minimum adjusted level calculated for 2013-2014 was \$58 million, with the actual budget commitment established at \$108 million. This resulted in the County exceeding the MOE requirement by nearly \$50 million concerning the use of Proposition 172 revenues.

The Public Safety Sales Tax is collected by the State Board of Equalization and apportioned to each county based on the county's proportionate share of statewide taxable sales. The combination of statewide taxable sales and the proportionate share (or "pool rate") are the factors that determine the amount of revenue from this tax source. For several years, Stanislaus County's population growth resulted in an increase in the overall proportion of the State sales tax pool rate. Due to the last economic downturn, the County's portion of the overall sales tax pool has been inconsistent, decreasing in 2009-2010, increasing in 2010-2011, and then decreasing again in 2011-2012 followed by increases in 2012-2013 and 2013-2014. Sales volume in Stanislaus County for 2013-2014 indicates that the County's portion of the State sales tax pool is up slightly, and will likely experience an increase in Fiscal Year 2014-2015. The actual rate will not be announced by the State until late November 2014 at the earliest. Because the statewide total of the sales tax pool normally exceeds \$2 billion, even the slightest change in the pool rate can have a significant impact on revenue projections.

Fiscal Year	Stanislaus County Pool Rate	Increase/(Decrease)
2009-2010	0.012664	-0.000491
2010-2011	0.012819	0.000155
2011-2012	0.012782	-0.000037
2012-2013	0.012804	0.000022
2013-2014	0.012861	0.000057
Projected 2014-2015	0.012925	0.000064

The Recommended Final Budget estimate of \$38.25 million for this revenue source reflects a cautiously optimistic estimate in view of the continued slow improvement in consumer confidence statewide. This represents about a 2% increase from the \$37.5 million actually received in Fiscal Year-End 2013-2014. Slightly over 4% of the entire Proposition 172 revenue received is distributed to cities, with the balance retained by the County. The following chart reflects the actual Proposition 172 revenue received over the past ten years.

**Prop 172 Public Safety Sales Tax**



\*Estimated

**Sales and Use Tax**

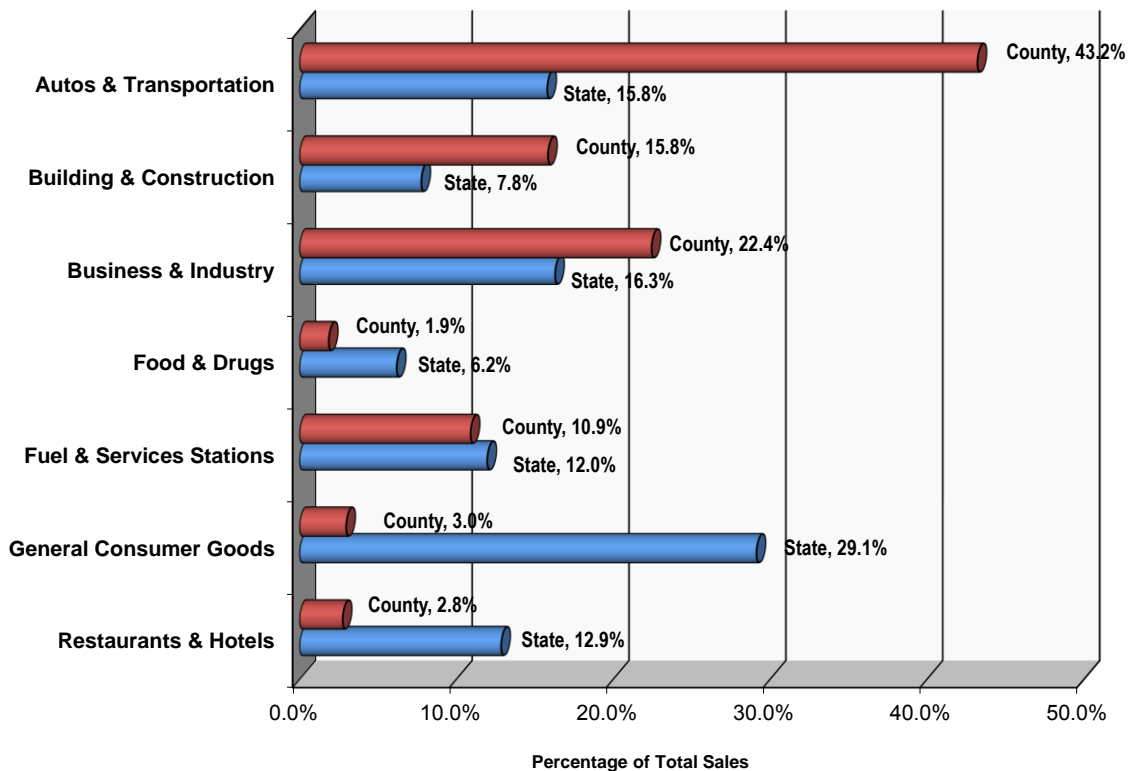
California has a statewide sales and use tax rate of 7.5%. The voters in Stanislaus County passed a 1/8 cent sales tax measure in 1995 and again in 1999, 2004 and 2012 to support local libraries. Sales Tax receipts are distributed as follows:



Sales Tax Distribution	Amount
State General Fund	5.25%
State Economic Recovery Bonds ("Triple Flip")	0.25%
Incorporated/Unincorporated Areas (Discretionary Revenue)	0.75%
Countywide Transportation Fund	0.25%
County Health and Social Services Programs ("Realignment")	0.50%
Public Safety Sales Tax	0.50%
Library Tax	0.125%
<b>Total</b>	<b>7.625%</b>

The following graph illustrates the business mix that contributes to sales and use taxes in the unincorporated areas of Stanislaus County compared to the taxes collected in the State as a whole. These percentages represent activity in the quarter ending March 31, 2014. It should be noted that Stanislaus County historically relies on Autos and Transportation sales and Business and Industry activity to a much larger degree than other counties throughout the State.

### Stanislaus County Sales Tax Comparison by Business Type



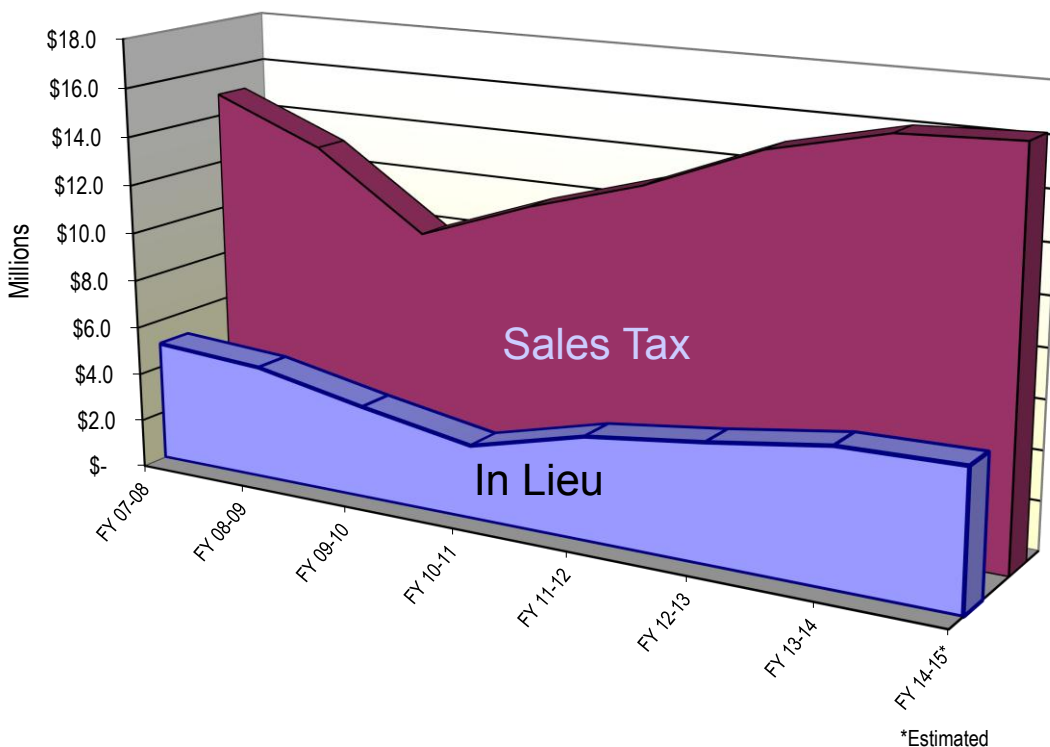
Sales and Use Tax is another discretionary revenue source that was affected by the State budget actions in Fiscal Year 2004-2005. As part of a complicated financing structure for the State Economic Recovery Bonds, the State “flipped” ¼ of the Bradley-Burns sales and use tax from the counties and cities 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) are to be shifted to an “In-lieu of Sales and Use Tax” account. The third leg in this “Triple Flip” would require the State to 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 to be made by each county’s Auditor-Controller in January and May of each fiscal year with an annual “true-up” occurring in the following September of each fiscal year. The State Department of Finance reconciles what was advanced in the

prior year to actual revenue received. In Fiscal Year 2013-2014 the true-up amount had a positive \$417,569 impact on revenue for the County General Fund. The County will have a true-up every fiscal year until the State Bonds are paid off, estimated to occur in the spring of 2016.

The Recommended Final Budget is \$16,250,000 in Sales and Use Tax and \$5,550,000 in “In-lieu of Sales and Use Tax”. This reflects an anticipated 1% increase over the actual revenue of \$16 million for Sales and Use tax and \$5.5 million for In-lieu of Sales and Use tax received in Fiscal Year-End 2013-2014. This is a cautious estimate reflective of continued drought in the valley and slow growth in consumer confidence statewide.

**Sales and Use Tax and Property Tax In-Lieu of Sales Tax**



**Additional Notable Discretionary Sources**

Fines and penalties collected on delinquent property taxes is one revenue source that benefited from the falling real estate market. During the height of the residential property crisis, the San Joaquin Valley became known for leading the nation in foreclosures. As homes were lost to the lenders, delinquent taxes and penalties were paid to the County Tax Collector. At the height of the crisis, Stanislaus County added \$10.9 million to its fines and forfeitures revenue account in Fiscal Year 2008-2009. As the rate of foreclosures has declined significantly and the housing market continues to recover, revenue from fines and penalties should generally decline, and the Recommended Final Budget of \$2.66 million reflects this trend with a decrease of about \$2.75 million from the 2013-2014 actual revenue of \$5.41 million.

Interest earnings for the General Fund fluctuate based on the amount of cash on hand and the interest rate that is adjusted quarterly. While the interest rate is expected to be the same as prior fiscal year, interest earning for 2014-2015 is expected to be higher than 2013-2014 due to anticipated growth in General Fund cash reserves. Accordingly, the 2014-2015 Recommended Final Budget for interest earning is \$1.73 million, which is about a 5% increase from the 2013-2014 actual revenue of \$1.65 million.

The Property Transfer Tax is a tax collected by the Clerk-Recorder at the time of recording when an interest in real property is conveyed. The tax rate is fifty-five cents (\$0.55) for each five hundred dollars (\$500) and is based on the unencumbered assessed value of the property, or the purchase price, whichever is greater. For the 2014-2015 budget only a modest increase of 3% is reflected from actual revenue received in Fiscal Year 2013-2014.

An 8% Transient Occupancy Tax (TOT) is charged to customers staying in hotels in the unincorporated areas of the County. TOT revenue is directly correlated to consumer travel and is therefore subject to short-term fluctuation based on numerous economic factors. Recent years are indicative of a modest increase in the economy and travel, and the 2014-2015 budget continues to reflect this trend.

The following table shows amounts received over the past several years with estimates for Fiscal Year 2014-2015:

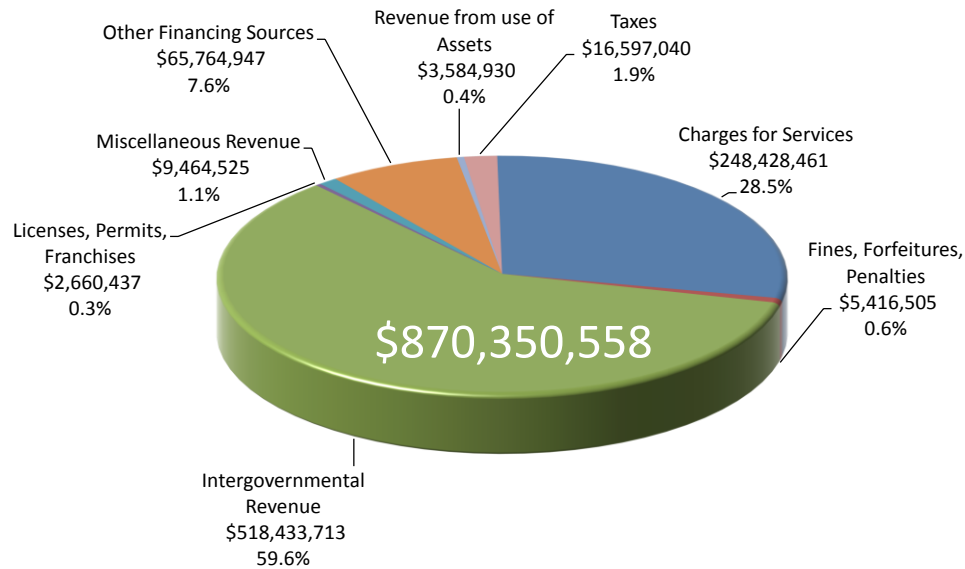
<b>Fiscal Year</b>	<b>Fines &amp; Penalties from Delinquent Taxes</b>	<b>General Fund Interest Earnings</b>	<b>Property Transfer Tax</b>	<b>Transient Occupancy Tax</b>
2009-2010	7,886,132	2,227,711	1,271,225	680,780
2010-2011	5,729,900	1,416,537	1,198,951	661,155
2011-2012	4,448,541	1,705,208	1,207,096	755,910
2012-2013	5,827,385	2,136,874	1,297,875	762,827
2013-2014	5,410,759	1,651,374	1,556,982	813,692
2014-2015 Budget	2,660,000	1,735,000	1,600,000	820,000

**DISCRETIONARY REVENUE SUMMARY**

In conclusion, it is recommended that \$169,038,478 be established as the discretionary revenue budget estimates for Fiscal Year 2014-2015. This represents an increase of \$8.9 million, or 6%, from 2013-2014 Final Budget as adjusted at mid-year. Compared to actual revenue received in 2013-2014, the 2014-2015 Recommended Final Budget is an increase of \$4.8 million, or 3%. Adjustments may be included as part of the Mid-Year Financial Report, when six months of activity will be available for Fiscal Year 2014-2015.

**OTHER MAJOR REVENUE SOURCES (NON DISCRETIONARY REVENUE)**

The total estimated revenue for Fiscal Year 2014-2015 is \$1,039,389,036. Of that amount, Discretionary Revenue is estimated to be \$169,038,478. In addition to the County’s Discretionary Revenue (discussed earlier), other sources of revenue are estimated to be \$870,350,558 or 83.7% of total estimated revenue. Other major sources of revenue include revenue from the State and Federal government, taxes, use of assets, fines, forfeitures and penalties, internal transfers and charges to departments for health insurance costs. The following chart represents the total major revenue sources other than discretionary revenue by category of revenue type.



The following is a listing and brief description of the County other major revenue sources that are included in the 2014-2015 Recommended Final Budget.

**Health Insurance/Account 39081** - This account reflects revenue collected for participation in the County’s medical plan from County departments, COBRA participants, Special Districts, and early retirees. Revenue estimates for the 2014-2015 Adopted Final Budget are \$58,999,000.

**Federal Aid for Children-Family Group/Account 27240** - This revenue from the Federal government is for assistance payments for the CalWORKs All Other Families Program and is budgeted at \$34,520,900 compared to \$24,418,914 in the 2013-2014 Adopted Final Budget.

**Federal Administration In-Home Supportive Services Case Management/Account 27184** - This revenue from the Federal government is for administration costs and provision of In-Home Supportive Services and is budgeted at \$34,113,809 compared to \$34,066,260 in the 2013-2014 Adopted Final Budget.

**State Aid Realignment-Support Services/Account 22531** - This revenue from the State government is 2011 Realignment funds that are designated for Drug and Alcohol services, Early Periodic Screening, Diagnosis, and Treatment (EPSDT), Mental Health Managed Care services, Community Services Agency-Public Economic Assistance and Probation Field Services. The revenue is allocated to the County based on legislated methodologies and is budgeted at \$25,573,608 in Behavioral Health and Recovery Services, \$8,084,787 in Community Services Agency and \$50,000 in Probation, for a total of \$33,708,395

**Governmental Interfund Revenue/Account 38000** – This account reflects receipts from the internal transfer of cash between County departments when the funds are of different governmental fund types. These revenue transfers are budgeted at \$31,458,285.

**State Administration In-Home Supportive Services/Account 21060** - This revenue from the State is for administration costs and provision of In-Home Supportive Services and is budgeted at \$30,860,449 up from the 2013-2014 Final Budget amount of \$29,948,127.

**Federal Administration Aid to Families with Dependent Children Family Group/Unemployed/Account 27060** - This revenue from the Federal government, estimated to be \$29,970,494 is for administration and services costs of the CalWORKs, Mental Health/Substance Abuse, Promote Safe and Stable Families (PSSF) Programs, and the Consortium IV (CIV) Project.

**State Construction Account 23400** - This revenue is from the Proposition 1B State Route 99 Account which is a subset of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. These funds are available for State Route 99 Corridor Enhancements. The estimated revenue for Fiscal Year 2014-2015 is \$27,666,316.

**State Aid-Realignment/Account 21460** - This revenue from the State is for sales tax revenue designated for Social Services programs, allocated to the County based on legislated methodologies and is budgeted at \$27,010,083 compared to \$21,633,797 in the 2013-2014 Adopted Final Budget.

**State Administration Medi-Cal/Account 21070** - This revenue from the State government is for administration costs of the Medi-Cal program and is budgeted at \$24,948,042 compared to \$25,100,613 in the 2013-2014 Adopted Final Budget.

**County Match/Account 46620** – This account reflects receipts from the internal transfer of cash from the General Fund to support various programs and to meet State or Federal mandated maintenance of effort requirements. The 2014-2015 Adopted Final Budget level for County Match is \$21,657,035.

**Federal-Other/Account 28800** - This account represents various types of Federal revenue used primarily to fund Public Health, Community Development Block Grant (CDBG) programs, and Public Works road projects. Revenue estimates of \$21,509,047 are down from the 2013-2014 Adopted Final Budget levels of \$23,817,864.

**Federal-Construction/Account 27600** - This account represents Federal revenue anticipated by Public Works for two large projects: SR99/Kiernan Interchange Project and Claribel Road Widening Project. The estimated revenue for Fiscal Year 2014-2015 is \$20,843,350.

**State Aid-Mental Health/Account 22430** - This revenue from the State government is designated for Mental Health programs allocated to the County based on legislated methodologies and is budgeted at \$19,857,356.

**Mental Health Services-Medi-Cal Reimbursement/Account 33950** - This revenue from the Federal government is the Federal Financial Participation share (50%) of mental health services to Medi-Cal eligible clients. A 50% match is required of the County to access these funds. Funding from Medi-Cal is budgeted at \$19,428,928 and reflects an increase from \$17,329,149 in the 2013-2014 Adopted Final Budget.

**Stanislaus County Local Revenue (AB 118)/Account 25050** - This revenue from the State government realigns many public safety and health and human services funds to counties. 2011 Realignment is funded with a dedicated portion of State sales tax revenue and Vehicle License Fees (VLF). These funds are budgeted in the Probation, Sheriff, District Attorney, Public Defender, Community Services Agency and Behavioral Health and Recovery Services budgets. The estimated revenue for Fiscal Year 2014-2015 is \$17,605,369.

**Other County Match/Account 46622** – This account reflects the transfer of revenue from the General Fund for the debt payment in Health Services Agency – Clinics and Ancillary Services. The estimated revenue for Fiscal Year 2014-2015 is \$16,767,423.

**Federal Administration Non Assisted Food Stamps/Account 27040** - This revenue from the Federal government is for administration costs of the CalFresh (formerly Non Assisted Food Stamps) program and is budgeted at \$15,873,231, which is an increase from \$14,844,220 in the 2013-2014 Adopted Final Budget.

**Sales and Use Taxes/Account 11800** - The estimated non-discretionary revenue is budgeted at \$15,410,540. Of this, \$8.5 million is from the voter approved Library 1/8-cent sales tax and the remaining amount is State revenue received through StanCOG for Public Works: Local Transit System and Road and Bridge.

**State Aid-Realignment/Account 22510** - This revenue, allocated from the State's sales tax and vehicle license fee collections is for the County's required Medi-Cal Match and services to severely mentally ill residents not covered under other funding. Realignment is budgeted at \$14,408,818, same as in the 2013-2014 Adopted Final Budget.

**State Highway Users Tax/Account 20200** - This revenue is from the State and is comprised of fuel tax levied per gallon of fuel. Funds are apportioned to counties in proportion to the number of fee-paid and exempt vehicles registered within the County as compared to the total number in the State. Funds are dedicated to: 1) Providing research, planning, construction, improvement, maintenance, and operation of public streets and highways, including mitigation of their environmental effects, the property taken or damaged for such purposes and the administrative costs necessarily incurred in fulfilling these purposes; 2) Research, planning, construction, and improvement of exclusive public mass transit guideways. The estimated revenue for this account for Fiscal Year 2014-2015 is \$14,200,000 compared to \$13,280,000 in the 2013-2014 Adopted Final Budget.

**Public Facilities Fees Transfer In/Account 46615** - This account is mainly used to record public facilities fees in Public Works-Engineering and Road and Bridge. The estimated revenue for Fiscal Year 2014-2015 is \$14,086,719.

**State Administration Non-Assistance Food Stamp/Account 21120** - This account is used to record State revenue as claimed on the California Department of Social Services County Expense Claim for costs associated with administration of the Non-Assistance food stamps (NASF) Program. The estimated revenue for Fiscal Year 2014-2015 is \$11,380,316 compared to \$10,033,902 estimated in the 2013-2014 Adopted Final Budget.

**Law Enforcement Services/Account 32800** - This revenue primarily funds contractual law enforcement services provided by the Sheriff's Department and District Attorney to other County and governmental agencies with \$10,657,059 in estimated revenue budgeted in County Public Safety Departments, and is up from \$10,157,915 budgeted in the 2012-2013 Adopted Final Budget.

**Federal Administration-Child Support Enforcement/Account 27080** - This account is the Federal funding contribution that supports the Department of Child Support Services. Revenue estimates for Fiscal Year 2014-2015 are \$10,589,563, down from the 2013-2014 Adopted Final Budget of \$10,853,950.

**State-Assistance-CW All Other Families/Account 21430** - This revenue recognizes the State cash reimbursements/operating revenue associated with the State share of cost for CalWORKs. All Other Families represent the federally eligible single parent families who receive monthly CalWORKs public assistance payments. The revenue is budgeted at \$10,403,221.

**Health Fees-Health Net Managed Care Revenue/Account 33814** - This revenue received from the Health Net is payment for eligible outpatient services provided to Medi-Cal participants and is budgeted at \$10,191,784.

**Health Fees – HSA Total HPSJ Revenue/Account 33830** - Health Plan of San Joaquin (HPSJ) is an insurance payor source that reimburses the Health Services Agency (HSA) for billable medical services that have been provided to HSA clients and are covered under a HPSJ insurance plan. This revenue is budgeted at \$9,680,201.

**Federal Administration - CWS IVE/Account 27020** - This account is used to record federal revenue as claimed on the California Department of Social Services County Expense Claim for costs associated with administration/case management of the Child Welfare Services Programs. The estimated revenue is budgeted at \$9,292,929

## DEBT SERVICE

### Certificates of Participation

Historically, the County of Stanislaus debt has primarily been in the form of Certificates of Participation (COP). Created in conjunction with lease agreements, which encumber County-owned property, COPs are securities issued and marketed to investors in a manner similar to tax-exempt bonds.

In a COP transaction, the County enters into an agreement with a third party, the Stanislaus County Capital Improvements Financing Authority, to lease an asset (normally a building) over a specific period of time at a predetermined total cost. The asset, owned by the County and leased to the Finance Authority, is then subleased back to the County. In this transaction, the Finance Authority sells certificates in order to make its total lease payment to the County at the beginning of the lease period. With that lump sum (advance) lease payment, the County then builds or buys the property.

The following chart reflects each outstanding Certificate of Participation (COP) financing by activity, the interest rate as a percent, the original date of issuance, the date of maturity, the original amount borrowed, the balance as of June 30, 2014, the current debt obligations for Stanislaus County for Fiscal Year 2014-2015, and the remaining balance to maturity once the debt obligation payments are made during the fiscal year.

Governmental Activities	Interest Rate %	Date of Issue	Maturity	Original Borrowing	Remaining Principal Balance to Maturity as of June 30, 2014	2014-2015 Debt Obligation Principal	2014-2015 Debt Obligation Interest	
2007 Series A Refunding Community Services Facility, Public Safety Center, Minimum Security Facility, Sheriff Operations Center, Agricultural Center, Ray Simon Training Center	3.65-5.75	2/1/2007	5/1/2018	\$40,540,000	\$15,930,000	\$4,205,000	\$755,288	\$11,725,000
<b>TOTAL GOVERNMENTAL ACTIVITIES:</b>				<b>\$40,540,000</b>	<b>\$15,930,000</b>	<b>\$4,205,000</b>	<b>\$755,288</b>	<b>\$10,969,712</b>

The following charts reflect the Fiscal Year 2014-2015 activity for the private placement of the 2012 Lease Refunding and the 2013 Lease Refunding.

Private Placement	Interest Rate %	Date of Issue	Maturity	Original Borrowing	Remaining Principal Balance to Maturity as of June 30, 2014	2014-2015 Debt Obligation Principal	2014-2015 Debt Obligation Interest	Remaining Principal Balance to Maturity
2012 Lease Refunding Public Administration Center 10th Street Place	1.99	8/1/2012	6/1/2018	\$8,687,050	\$7,507,342	\$1,441,641	\$138,219	\$6,065,701

Private Placement	Interest Rate %	Date of Issue	Maturity	Original Borrowing	Remaining Principal Balance to Maturity as of June 30, 2014	2014-2015 Debt Obligation Principal	2014-2015 Debt Obligation Interest	Remaining Principal Balance to Maturity
2013 Lease Refunding Gallo Center for the Arts (Formerly 2004 A COP)	1.50	8/1/2013	8/1/2017	\$7,034,400	\$7,034,400	\$1,719,000	\$92,624	\$5,315,400
2013 Lease Refunding Nick Blom Salida Regional Library (Formerly 2004 B COP)	1.50	8/1/2013	8/1/2017	\$12,505,600	\$12,505,600	\$3,056,000	\$164,664	\$9,449,600

### Ratios

A number of ratios can be applied to the County's debt service. For Fiscal Year 2014-2015, the County's total gross debt obligation for its General Fund is \$12,666,797 and the total Recommended Final Budget is \$1,092,658,111. The ratio comparing the annual debt service to total budget shows that debt service represents only 1.16% of the total budget. In addition, a comparison of debt service to discretionary revenue can be obtained by dividing the total gross debt obligation (approximately \$12.7 million) by the total Discretionary Revenue Budget of \$169,038,478. This analysis shows that debt service payments represent 7.5% of the total Discretionary Revenue Budget.

## **DEBT LIMITS**

California Government Code 29909 prescribes the bonded debt limit for general law counties at 5% of “the taxable property of the county as shown in the equalized assessment roll.” This equaled \$1.96 billion for Fiscal Year 2014-2015. The County has never come close to approaching this limit. As of June 30, 2013, the County’s total debt including Certificates of Participation (COP), Tobacco Securitization Notes and Pension Obligation Bonds, equaled \$184,743,562 or approximately 0.005% of the assessment roll.

## **RETIREMENT – UNFUNDED LIABILITY**

A pension plan’s payment obligations, including all income, death and termination benefits owed, are compared to the plan’s present investment experience, and if the total plan obligations exceed the projected plan assets at any point in time, the plan has an unfunded liability. As of June 30, 2013 StanCERA’s unfunded liability was \$395.1 million which is a funded ratio of 79.4%. The Retirement Board continues to explore options to optimize returns which would increase the ratio of the unfunded liability. This in turn would assist in the County’s retirement rate.





## 2014-2015 Recommended Final Budget Three Year Budget Summary

### SUMMARY OF ALL FUNDS

<b>ALL FUNDS</b>					<b>2014-2015</b>
<b>REVENUE CATEGORIES</b>	<b>2012-2013</b>		<b>2013-2014</b>		<b>Recommended</b>
	<b>Actuals</b>		<b>Actuals</b>		<b>Final Budget</b>
Taxes	\$	132,555,177	\$	129,345,377	\$ 134,083,040
Licenses, Permits, Franchises		3,427,358		4,528,028	3,750,437
Fines, Forfeitures, Penalties		11,731,463		11,250,389	8,076,505
Revenue from Uses of Assets		3,007,752		8,760,261	5,662,407
Intergovernmental Revenue		462,424,721		488,450,337	559,136,886
Charges for Services		216,515,993		230,503,563	250,501,865
Miscellaneous Revenue		5,135,630		6,564,893	9,504,525
Other Financing Sources		72,976,882		63,031,729	68,673,371
<b>Total Revenue</b>	<b>\$</b>	<b>907,774,976</b>	<b>\$</b>	<b>942,434,577</b>	<b>\$ 1,039,389,036</b>
<b>EXPENDITURE CATEGORIES</b>					
Salaries and Benefits	\$	304,522,500	\$	323,111,898	\$ 375,866,956
Services and Supplies		237,264,499		238,691,002	319,026,234
Other Charges		262,309,700		268,133,831	309,657,972
Fixed Assets		3,106,357		3,437,661	12,840,796
Other Financing Uses		94,266,312		91,279,820	64,340,115
Intrafund		-		(1,920)	(94,826)
Contingencies		-		-	11,020,864
<b>Total Expenditures</b>	<b>\$</b>	<b>901,469,368</b>	<b>\$</b>	<b>924,652,292</b>	<b>\$ 1,092,658,111</b>
<b>CHANGES TO FUND BALANCE</b>					
Beginning Fund Balance	\$	367,963,568	\$	374,269,176	\$ 392,051,461
Net Increase (Decrease) in Fund Balance/Retained Earnings		6,305,608		17,782,285	(53,269,075)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>374,269,176</b>	<b>\$</b>	<b>392,051,461</b>	<b>\$ 338,782,386</b>

### GOVERNMENTAL FUNDS

<b>GENERAL FUND</b>					<b>2014-2015</b>
<b>REVENUE CATEGORIES</b>	<b>2012-2013</b>		<b>2013-2014</b>		<b>Recommended</b>
	<b>Actuals</b>		<b>Actuals</b>		<b>Final Budget</b>
Taxes	\$	115,165,790	\$	110,691,222	\$ 117,586,000
Licenses, Permits, Franchises		1,945,038		2,157,749	2,115,784
Fines, Forfeitures, Penalties		8,956,470		8,536,185	5,716,000
Revenue from Uses of Assets		3,427,012		3,665,542	3,702,851
Intergovernmental Revenue		63,990,353		62,534,081	57,531,539
Charges for Services		41,582,331		45,980,867	46,064,529
Miscellaneous Revenue		884,271		1,431,676	832,697
Other Financing Sources		7,535,921		10,821,265	8,094,622
<b>Total Revenue</b>	<b>\$</b>	<b>243,487,186</b>	<b>\$</b>	<b>245,818,587</b>	<b>\$ 241,644,022</b>
<b>EXPENDITURE CATEGORIES</b>					
Salaries and Benefits	\$	118,172,838	\$	122,458,039	\$ 133,729,625
Services and Supplies		35,126,154		32,318,771	42,113,269
Other Charges		21,463,388		22,641,935	24,358,600
Fixed Assets		1,702,507		1,778,592	2,568,145
Other Financing Uses		49,660,390		62,198,272	57,604,133
Intrafund		-		(319,855)	(310,992)
Contingencies		-		-	11,020,864
<b>Total Expenditures</b>	<b>\$</b>	<b>226,125,277</b>	<b>\$</b>	<b>241,075,754</b>	<b>\$ 271,083,644</b>
<b>CHANGES TO FUND BALANCE</b>					
Beginning Fund Balance	\$	115,765,917	\$	133,127,826	\$ 137,870,659
Net Increase (Decrease) in Fund Balance		17,361,909		4,742,833	(29,439,622)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>133,127,826</b>	<b>\$</b>	<b>137,870,659</b>	<b>\$ 108,431,037</b>



## 2014-2015 Recommended Final Budget Three Year Budget Summary

### GOVERNMENTAL FUNDS-Continued

<b>SPECIAL REVENUE</b>				<b>2014-2015</b>
<b>REVENUE CATEGORIES</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>Recommended</b>	
	<b>Actuals</b>	<b>Actuals</b>	<b>Final Budget</b>	
Taxes	\$ 11,525,734	\$ 12,116,872	\$ 11,601,459	
Licenses, Permits, Franchises	1,482,320	2,370,279	1,634,653	
Fines, Forfeitures, Penalties	1,543,919	1,515,363	1,275,505	
Revenue from Uses of Assets	(985,355)	4,095,683	1,188,182	
Intergovernmental Revenue	396,852,694	421,702,176	499,364,070	
Charges for Services	54,836,217	59,867,813	69,247,296	
Miscellaneous Revenue	1,600,484	2,854,643	5,188,557	
Other Financing Sources	55,272,143	41,529,525	38,356,818	
<b>Total Revenue</b>	<b>\$ 522,128,156</b>	<b>\$ 546,052,354</b>	<b>\$ 627,856,540</b>	

<b>EXPENDITURE CATEGORIES</b>				
Salaries and Benefits	\$ 161,429,394	\$ 175,072,375	\$ 212,425,767	
Services and Supplies	108,801,655	105,317,952	169,858,075	
Other Charges	228,422,869	230,673,752	252,664,415	
Fixed Assets	1,376,951	1,530,098	3,461,239	
Other Financing Uses	35,243,038	26,379,977	4,682,947	
Intrafund	-	317,935	216,166	
Contingencies	-	-	-	
<b>Total Expenditures</b>	<b>\$ 535,273,907</b>	<b>\$ 539,292,089</b>	<b>\$ 643,308,609</b>	

<b>CHANGES TO FUND BALANCE</b>				
Beginning Fund Balance	\$ 209,378,191	\$ 196,232,440	\$ 202,992,705	
Net Increase (Decrease) in Fund Balance	(13,145,751)	6,760,265	(15,452,069)	
<b>Ending Fund Balance</b>	<b>\$ 196,232,440</b>	<b>\$ 202,992,705</b>	<b>\$ 187,540,636</b>	

<b>CAPITAL PROJECTS</b>				<b>2014-2015</b>
<b>REVENUE CATEGORIES</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>Recommended</b>	
	<b>Actuals</b>	<b>Actuals</b>	<b>Final Budget</b>	
Taxes	\$ -	\$ -	\$ -	
Licenses, Permits, Franchises	-	-	-	
Fines, Forfeitures, Penalties	1,231,074	1,198,841	1,085,000	
Revenue from Uses of Assets	36,357	44,474	52,000	
Intergovernmental Revenue	-	-	-	
Charges for Services	-	-	-	
Miscellaneous Revenue	-	-	-	
Other Financing Sources	-	-	-	
<b>Total Revenue</b>	<b>\$ 1,267,431</b>	<b>\$ 1,243,315</b>	<b>\$ 1,137,000</b>	

<b>EXPENDITURE CATEGORIES</b>				
Salaries and Benefits	\$ -	\$ -	\$ -	
Services and Supplies	405,488	337,780	385,000	
Other Charges	39,468	32,220	30,510	
Fixed Assets	-	-	-	
Other Financing Uses	1,350,000	800,000	800,000	
Intrafund	-	-	-	
Contingencies	-	-	-	
<b>Total Expenditures</b>	<b>\$ 1,794,956</b>	<b>\$ 1,170,000</b>	<b>\$ 1,215,510</b>	

<b>CHANGES TO FUND BALANCE</b>				
Beginning Fund Balance	\$ 5,940,770	\$ 5,413,245	\$ 5,486,560	
Net Increase (Decrease) in Fund Balance	(527,525)	73,315	(78,510)	
<b>Ending Fund Balance</b>	<b>\$ 5,413,245</b>	<b>\$ 5,486,560</b>	<b>\$ 5,408,050</b>	



## 2014-2015 Recommended Final Budget Three Year Budget Summary

### PROPRIETARY FUNDS

<u>ENTERPRISE FUNDS</u>				2014-2015
REVENUE CATEGORIES	2012-2013	2013-2014	Recommended	
	Actuals	Actuals	Final Budget	
Taxes	\$ 5,863,653	\$ 6,537,283	\$ 4,895,581	
Licenses, Permits, Franchises	-	-	-	
Fines, Forfeitures, Penalties	-	-	-	
Revenue from Uses of Assets	375,106	686,657	453,874	
Intergovernmental Revenue	1,003,475	4,117,101	2,081,277	
Charges for Services	39,560,992	35,923,189	39,489,050	
Miscellaneous Revenue	2,402,396	2,135,558	3,393,271	
Other Financing Sources	8,966,348	6,501,474	22,210,931	
<b>Total Revenue</b>	<b>\$ 58,171,970</b>	<b>\$ 55,901,262</b>	<b>\$ 72,523,984</b>	
<b>EXPENDITURE CATEGORIES</b>				
Salaries and Benefits	\$ 18,173,177	\$ 18,375,721	\$ 21,043,517	
Services and Supplies	16,740,465	19,126,932	24,222,718	
Other Charges	8,631,146	10,666,968	27,563,137	
Fixed Assets	5,919	185,817	5,117,412	
Other Financing Uses	7,810,458	1,681,295	1,253,035	
Intrafund	-	-	-	
Contingencies	-	-	-	
<b>Total Expenditures</b>	<b>\$ 51,361,165</b>	<b>\$ 50,036,733</b>	<b>\$ 79,199,819</b>	
<b>CHANGES TO RETAINED EARNINGS</b>				
Beginning Balance	\$ 18,294,906	\$ 25,105,711	\$ 30,970,240	
Net Increase (Decrease) in Retained Earnings	6,810,805	5,864,529	(6,675,835)	
<b>Ending Balance</b>	<b>\$ 25,105,711</b>	<b>\$ 30,970,240</b>	<b>\$ 24,294,405</b>	

<u>INTERNAL SERVICE FUNDS</u>				2014-2015
REVENUE CATEGORIES	2012-2013	2013-2014	Recommended	
	Actuals	Actuals	Final Budget	
Taxes	\$ -	\$ -	\$ -	
Licenses, Permits, Franchises	-	-	-	
Fines, Forfeitures, Penalties	-	-	-	
Revenue from Uses of Assets	154,632	267,905	265,500	
Intergovernmental Revenue	578,199	96,979	160,000	
Charges for Services	80,536,453	88,731,694	95,700,990	
Miscellaneous Revenue	248,479	143,016	90,000	
Other Financing Sources	1,202,470	4,179,465	11,000	
<b>Total Revenue</b>	<b>\$ 82,720,233</b>	<b>\$ 93,419,059</b>	<b>\$ 96,227,490</b>	
<b>EXPENDITURE CATEGORIES</b>				
Salaries and Benefits	\$ 6,747,091	\$ 7,205,763	\$ 8,668,047	
Services and Supplies	76,190,737	81,589,567	82,447,172	
Other Charges	3,752,829	4,118,956	5,041,310	
Fixed Assets	20,980	(56,846)	1,694,000	
Other Financing Uses	202,426	220,276	-	
Intrafund	-	-	-	
Contingencies	-	-	-	
<b>Total Expenditures</b>	<b>\$ 86,914,063</b>	<b>\$ 93,077,716</b>	<b>\$ 97,850,529</b>	
<b>CHANGES TO RETAINED EARNINGS</b>				
Beginning Balance	\$ 18,583,784	\$ 14,389,954	\$ 14,731,297	
Net Increase (Decrease) in Retained Earnings	(4,193,830)	341,343	(1,623,039)	
<b>Ending Balance</b>	<b>\$ 14,389,954</b>	<b>\$ 14,731,297</b>	<b>\$ 13,108,258</b>	



## 2014-2015 Recommended Final Budget General Fund Long Range Summary

ITEM	2014-2015 Recommended Final Budget	2015-2016 Projected Budget	2016-2017 Projected Budget	2017-2018 Projected Budget
<b>Funding Assumptions:</b>				
Discretionary Revenue	\$ 169,038,478	\$ 174,800,000	\$ 181,100,000	\$ 187,800,000
Departmental Revenue	72,605,544	72,600,000	72,600,000	72,600,000
Unassigned Fund Balance	17,093,990	6,000,000	6,000,000	6,000,000
Assigned Fund Balance - Net County Cost Savings	12,345,632	-	-	-
<b>Total Funding</b>	<b>\$ 271,083,644</b>	<b>\$ 253,400,000</b>	<b>\$ 259,700,000</b>	<b>\$ 266,400,000</b>
<b>Expenditure Assumptions:</b>				
Base Budget	\$ 269,767,916	\$ 259,000,000	\$ 263,300,000	\$ 266,100,000
Debt Service Acceleration	1,315,728	1,300,000	1,300,000	1,300,000
Jail Staffing and Operations	-	-	3,500,000	13,300,000
<b>Total Expenditures</b>	<b>\$ 271,083,644</b>	<b>\$ 260,300,000</b>	<b>\$ 268,100,000</b>	<b>\$ 280,700,000</b>
<b>Total (deficit in brackets)</b>	<b>\$ -</b>	<b>\$ (6,900,000)</b>	<b>\$ (8,400,000)</b>	<b>\$ (14,300,000)</b>
Budget Reductions, Revenue or Additional Use of One-Time Funding	\$ -	\$ 6,900,000	\$ 8,400,000	\$ 14,300,000
<b>Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## **GENERAL FUND LONG RANGE SUMMARY**

The Senior Management team of the Chief Executive Office meets on a regular basis to discuss and evaluate current financing strategies as well as to modify and/or develop long term strategies aimed at addressing the County's fiscal needs for at least three years into the future.

The County's budget is accounted for in five separate financial funds, of which the General Fund is a major focus of long range planning efforts. The General Fund typically serves as the main operating fund which is used to pay for core services, and is the fund which the Board of Supervisors has the most discretion over. Stanislaus County has a firm "No Back-Fill" Policy that eliminates funding and services for programs where State or Federal agencies eliminate or reduce funding.

The General Fund Long Range Summary is an illustration of the County's long range financial plans that extend beyond the current fiscal year and applies certain funding and expenditure assumptions to best project future years.

### **FUNDING ASSUMPTIONS**

#### **Discretionary Revenue**

Over ninety percent of all discretionary revenue consists of property and sales tax sources. Discretionary Revenue is monitored on a regular basis with consideration given to historical inflow trends and local and regional economic conditions. Increases of 3% for Budget Year 2015-2016 and 4% for Budget Years 2016-2017 and 2017-2018, to reflect modest projected gains in the property and sales tax, were applied to the recommended Fiscal Year 2014-2015 Final Budget discretionary revenue base of \$169,038,478.

#### **Department Revenue**

Assuming that Departmental Revenue will remain relatively flat, revenue was rounded to \$72.6 million and applied to the three future years.

#### **Unassigned Fund Balance**

The 2014-2015 Recommended Final Budget is balanced using \$17,093,990 of unassigned fund balance. Traditionally, the County has relied on a minimum of about \$6 million of unassigned fund balance each year to balance the budget, which is generated through prior year savings.

#### **Assigned Fund Balance – Net County Cost Savings**

A Net County Cost Savings Program was implemented in Fiscal Year 2009-2010 and has continued for all fiscal years since then. This Program, which allowed General Fund departments to keep 75% of savings generated, played a significant role in assisting departments in managing through the fiscal challenges the organization had faced. Departments will be allocated \$12,345,632 of these savings to assist in balancing their Fiscal Year 2014-2015 budgets.

### **EXPENDITURE ASSUMPTIONS**

#### **Base Budget**

The recommended Base Budget for Fiscal Year 2014-2015 includes the one-time use of \$12,345,632 of Assigned Fund Balance – Net County Cost Savings Program. The projection for the three future years does not include the net county cost savings, but preliminary estimates of the anticipated cost increases in future budget years reflect base increases of 1.7% from Budget Years 2015-2016 to 2016-2017 and 1.1% from Budget Years 2016-2017 to 2017-2018, rounding to the nearest \$100,000.

#### **Debt Refinance**

On July 16, 2013 the Board of Supervisors approved the refinancing of the 2004 Series A and B Certificates of Participation (COP) through an internal borrowing from the Stanislaus County Treasury

Pool. This will shorten the maturity date of the COPs by eight years, provide approximately \$4.9 million in Net Present Value savings and will free up operational funding in Budget Year 2018-2019, and beyond, that can be used to address anticipated increases in cost associated with the expansion of the County's detention facilities. The 2013 refinancing of the COPs required a one-time cash contribution to "buy-down" \$4,028,754 of outstanding par amount as well as additional annual payments to accelerate the payoff. For Fiscal Year 2014-2015 Recommended Final Budget, \$1,315,728 is budgeted as the additional payment. For future budget years, accelerated annual payments of approximately \$1.3 million will be needed until the debt is paid off in Budget Year 2017-2018.

### **Jail Staffing and Operations**

A significant increase in County expenditures is projected starting with Budget Year 2016-2017 when the AB 900 Phase II Public Safety Center Expansion Project will be complete. Full occupancy of all available jail beds at the Public Safety Center site following this major construction project is projected to require an additional 72 sworn positions with an increased General Fund obligation estimated to be \$7.7 million annually. The Intake Release Facility, which is a Public Facility Fees Funded Companion Facility, and corresponding functions constructed by Public Facilities Fees, will require an additional 22 positions with an increased General Fund obligation of approximately \$2.3 million. The total annual staffing cost for both facilities is projected to be \$10 million while the total annual operations cost is projected to be \$3.3 million. Since the project is not expected to be fully operational for the entire Fiscal Year 2016-2017, partial staffing and operations cost of \$3.5 million is reflected in the Long Range Summary for the Budget Year 2016-2017, and annual total projected staffing and operations cost of \$13.3 million is reflected starting with Budget Year 2017-2018.

### **Balancing**

When expenditures exceed funding, the total deficit is shown in brackets in the Long Range Summary. These deficits will need to be addressed through further budget reductions, growth in revenue or the additional use of one-time funding. Senior management of the Chief Executive Office will work closely with the Board of Supervisors to continue to develop and refine the multi-year strategy to ensure a balanced budget in Budget Years 2015-2016, 2016-2017, 2017-2018 and beyond.

## CAPITAL IMPROVEMENT PLAN

---

The County's Final Capital Improvement Plan (CIP) was approved by the Board of Supervisors on February 25, 2014 for Fiscal Year 2013-2014. At that time, the Board of Supervisors amended the current annual review cycle, and authorized staff to review and update the Final CIP every two years beginning in Fiscal Year 2014-2015.

The Capital Improvement Plan (CIP) was developed to assist County decision makers in determining priorities and identifying where scarce one-time funds should be allocated to address the County's most important capital needs. This analysis has been developed to assist the Board in making difficult resource allocation decisions.

The Final Capital Improvement Plan provides a forecast of capital improvement needs for the County over the next twenty (20) years. The Final CIP is a listing of project needs that have been identified generally requiring a one-time investment of public funds for acquisition, replacement, and/or development of new equipment or facilities. State law increased the dollar amount for qualifying capital improvement projects to over \$100,000. However, to make the CIP more useful as a planning tool, County policy recognizes a threshold of \$75,000 to define a capital improvement project.

Recognizing the tenuous fiscal environment in which the County operates, it is expected that the information presented may change from year to year as the County's needs and funding sources change and evolve. One of the most difficult challenges in developing a capital plan is to fairly compare and evaluate projects that stretch across a very broad spectrum. This plan provides a wide range of information including the estimated one-time and operating costs for constructing and operating facilities, any service related costs, the location, and how it may fit into the service delivery plan of the department proposing it. This information is critical to making informed and sound decisions.

County department heads and Chief Executive Office staff have collected and updated relevant information pertaining to the capital improvement needs of the County. The CIP identifies 145 capital improvement projects. Those needs total \$1,242,747,664 in total estimated project costs. Of that total, \$574,657,557 in potential funding from other sources have been identified, with \$605,535,934 being the portion of the estimated project costs that would be the responsibility of Stanislaus County. Funding sources for \$62,554,173 in project costs have not yet been identified.

The CIP includes projects that are underway or planned for the future. Unfunded projects in the CIP indicate current and future unmet needs and are included for planning purposes. While the CIP covers a 20 year planning horizon, the document will be updated bi-annually to reflect ongoing changes as new projects are added, existing projects are modified, and completed projects are deleted from the plan.

### ACCOMPLISHMENTS

Several noteworthy projects were completed during Fiscal Year 2013-2014:

192 bed Unit Two, Honor Farm Replacement Facility; the Backflow Preventer and Arc Blast Wall Projects at the Public Safety Center Site, the Psychiatric Health Facility and the Crisis Intervention Program and Crisis Emergency Response Team Modular Facility (CIP/Cert) at the Stanislaus Recovery Center site; and various traffic signals and road widening projects.

Several projects currently in various stages of design or construction are included as follows:

- ◆ Juvenile Hall Roof and HVAC, current budget of \$4,100,000;
- ◆ AB 900 Phase II Public Safety Center Jail Expansion, current budget \$89,500,000;
- ◆ County funded Jail Intake, Release, and Transportation facility, current budget of \$24,044,509;

- ◆ Re-Entry and Enhanced Alternatives to Custody Training (REACT) Center Project, current budget of \$44,695,000;
- ◆ Coroner’s Facility, current budget estimated to be \$5.1 million; and
- ◆ Various Road and Bridge projects, current budget of \$80,890,935.

### **IMPACT ON THE OPERATING BUDGET**

An integral part of planning for a capital project is to ensure that funding is available for any additional, on-going operating and maintenance costs that will be incurred once a project is complete. These include: additional staffing, utilities, debt service payments, and Cost Allocation Plan (CAP) charges. The CIP addresses this issue by including anticipated impacts on the County operating budget in each project narrative. The Capital Projects Team is working collaboratively and in partnership with the Budget Team to fully capture and describe the impact of various CIP projects on the County budget. Each narrative in the budget document contains a section entitled “Program Discussion.” This portion of the budget narrative also describes these operating impacts. Improving communication and long range planning strategies between the Final Capital Improvement Plan and the Final Budget will provide a better opportunity to fully address these impacts and aid in future planning.



# WHAT IS A SCHEDULE 9?

<b>Auditor-Controller</b>					
Classification	2012-2013 Actual	2013-2014 Actual	2014-2015 Requested Final Budget	2014-2015 Recommended Adjustments	2014-2015 Recommended Final Budget
Taxes	\$0	\$238	\$100,000	\$0	\$100,000
Licenses, Permits, Franchises	\$0	\$0	\$0	\$0	\$0
Fines, Forfeitures, Penalties	\$2,355	\$0	\$0	\$0	\$0
Revenue from use of Assets	\$101,406	\$117,863	\$121,905	\$0	\$121,905
Intergovernmental Revenue	\$0	\$0	\$0	\$0	\$0
Charges for Service	\$2,061,166	\$2,276,294	\$2,332,154	\$114,000	\$2,446,154
Miscellaneous Revenue	\$133,069	\$106,611	\$110,300	\$0	\$110,300
Other Financing Sources	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$2,297,996</b>	<b>\$2,501,006</b>	<b>\$2,664,359</b>	<b>\$114,000</b>	<b>\$2,778,359</b>
Salaries and Benefits	\$2,904,357	\$3,259,834	\$3,395,980	\$456,837	\$3,852,817
Services and Supplies	\$74,771	\$84,440	\$135,800	\$0	\$135,800
Other Charges	\$176,132	\$216,029	\$233,175	\$0	\$233,175
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Other Financing Uses	\$89,395	\$103,147	\$0	\$0	\$0
Equity	\$0	\$0	\$0	\$0	\$0
Intrafund	(\$23,030)	\$120	\$200	\$0	\$200
Contingencies	\$0	\$0	\$0	\$0	\$0
<b>Gross Costs</b>	<b>\$3,221,625</b>	<b>\$3,663,570</b>	<b>\$3,765,155</b>	<b>\$456,837</b>	<b>\$4,221,992</b>
Fund Balance	\$0	\$0	\$0	\$0	\$0
<b>Net County Cost</b>	<b>\$923,629</b>	<b>\$1,162,564</b>	<b>\$1,100,796</b>	<b>\$342,837</b>	<b>\$1,443,633</b>

## REVENUE

## EXPENDITURES

## TOTALS

**Taxes**—Money received from tax revenue.

**Salaries and Benefits**—Salary-related costs associated with County employees.

**GROSS COSTS**—Total expenses before any revenue.

**Licenses, Permits, Franchises**—Money received from regulating some activity.

**Services and Supplies**—Expenditures for the daily operations of the County, such as services, supplies and legal services.

**RETAINED EARNINGS** —The accumulated earnings of an enterprise or internal service fund.

**Fines, Forfeitures, Penalties**—Money received from violations of law or regulation.

**Other Charges**—Charges for services performed by various County service providers for other County departments and for the support and care of others.

**FUND BALANCE**—Revenue not spent in the previous year. Only used in Schedule 9's for Special Revenue and Capital Projects Funds.

**Revenue from use of Assets**—Money received from the use of assets such as rent.

**Fixed Assets**—Land, buildings, vehicles, infrastructure and assets used in operations that have value past one year.

**NET COUNTY COST**—Gross costs minus Total Revenue minus Fund Balance or Retained Earnings equals Net County Cost.

**Intergovernmental Revenue**—Funds received from Federal, State or local government sources such as grants.

**Other Financing Uses**—Transfers between funds.

**Charges for Service**—Fees collected for services provided by the department.

**Equity**—Assets of an entity that remains after deducting liabilities.

**Miscellaneous Revenue**—Money received from various sources such as donations, salvage and legal settlements.

**Intrafund**—A way to record revenue/expenditures from a department with the same fund but different organization codes.

**Other Financing Sources**—Money received from long-term debt or leased capital assets proceeds, and transfers between funds.

**Contingencies**—Funds saved for emergencies.