

Year 2

Budget at a Glance

2019-2020 Final Budget
Budget Period 2018-2019/2019-2020
Stanislaus County, California

Board of Supervisors
Terry Withrow, Chair

Kristin Olsen
Tom Berryhill

Vito Chiesa
Jim De Martini



Submitted by Jody Hayes, Chief Executive Officer

Mission—Vision—Values

The vision of Stanislaus County is to be respected for our service to the community and known as the best in America.

Values

Trustworthiness | Respect | Responsibility |
Fairness | Caring | Citizenship

Priorities

- *Supporting Strong and Safe Neighborhoods*
 - *Supporting Community Health*
 - *Developing a Healthy Economy*
 - *Promoting First-Rate Learning*
 - *Delivering Efficient Public Services and Community Infrastructure*

Our mission is to serve the community through public and private partnerships that promote public health, safety, welfare and the local economy in an efficient, cost-effective manner.

Striving together to be the best!

Budget Message

“Our willingness to own and engage with our vulnerability determines the depth of our courage and the clarity of our purpose.”

— Bréne Brown

It is my heartfelt pleasure to present the 2019-2020 Final Budget for year two of our first two-year budget. On behalf of the entire County organization and the many talented staff who have worked so hard to prepare this operational plan, I am proud to serve as your leader. This document embodies the mutual trust developed through collaboration and highlights the perseverance that has guided our new approach to budgeting. The two-year budget model streamlines processes and promotes a reflection on performance, all while maintaining our long-standing history of transparent fiscal responsibility.



The 2019-2020 Spending Plan established in year one and approved in concept along with the 2018-2019 Adopted Final Budget served as the base for Proposed Budget; through the expansion of vision from one year to two years, using conservative estimates and thoughtful processes, a lot of the work has been done in advance. Building upon this foundation, the 2019-2020 Final Budget brings us fully into year two of Budget Period 2018-2019/2019-2020.

We will continue to move forward with purpose, building upon the strong foundational plan we have laid, and make time to reflect on what works well, identifying areas that could use a little fine-tuning. We will make positive strides and grow from our successes. We will also embrace our vulnerability, seeking continuous improvement through the inevitable missteps along the way. We will work to celebrate imperfection, recognizing its ability to serve as a catalyst for learning and creative solutions with the goal to affect positive change in our community. I wouldn't have it any other way.

Respectfully,

Jody Hayes, Chief Executive Officer

Challenges and Opportunities

Countywide Challenges and Opportunities

Some challenges we face in our community require a collaborative approach and are beyond the scope of any one department or agency to resolve. The following challenges and opportunities affect multiple departments and Board priority areas.

Homelessness—Homelessness continues to pose challenges that affect the safety of our community, requiring thoughtful planning for solutions using insight and resources from various departments, agencies, and community organizations.

Housing—Critical to the issue of homelessness is the development of housing strategies that address four goals: establish a long-term housing vision; support short-term and long-term market-focused strategies in coordination with the private development community; preserve and protect existing affordable housing inventory; and develop an Annual Housing Report for the community.

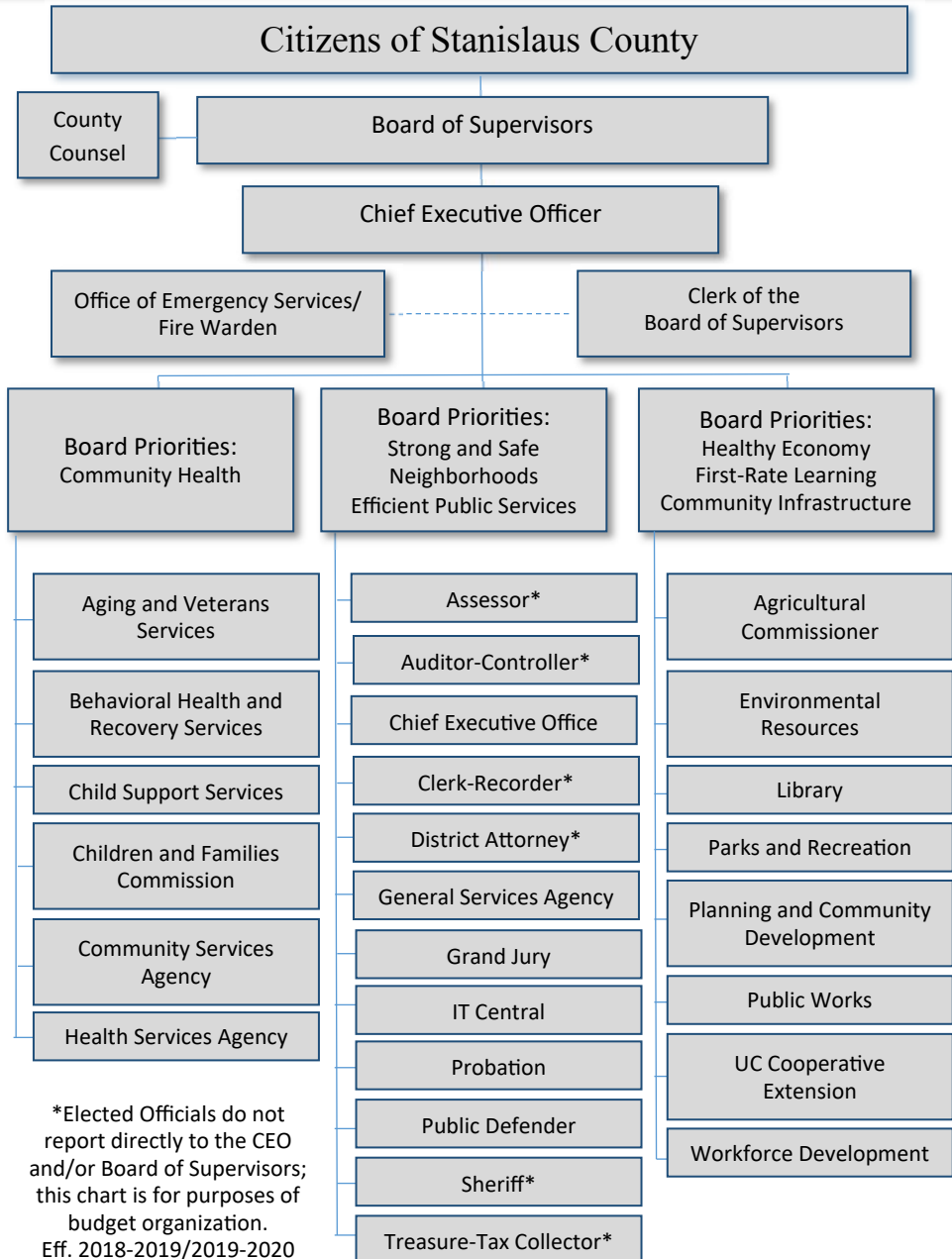
5150 Crisis—A multi-disciplinary task force is honing in on core objectives in their development of a collaborative strategy, recommendation, and implementation plan to respond to the Welfare and Institutions Code 5150 crisis in the County.

Economic Development—Initiatives established with General Fund assignments totaling \$30 million in Fiscal Year 2018-2019, directed towards housing and community development along with jobs development at the Crows Landing Industrial Business Park, will be a primary focus in the upcoming year.

Enterprise Resource Planning (ERP) —The County has contracted with the Government Finance Officers Association (GFOA) for an independent review of and recommendations for our 20 year-old ERP systems that support all financial, budget, human resources, and payroll functions for the organization.

Information Technology (IT) 2020—An assessment of the current IT environment will help develop a proactive strategic plan to mitigate debilitating effects and costs of cyber-attacks; standardize and consolidate infrastructure; develop tools and methodologies to assess staffing; develop a centralized procurement process; and establish Countywide standards and state-of-the-art risk management and security systems.

Stanislaus County Organizational Structure

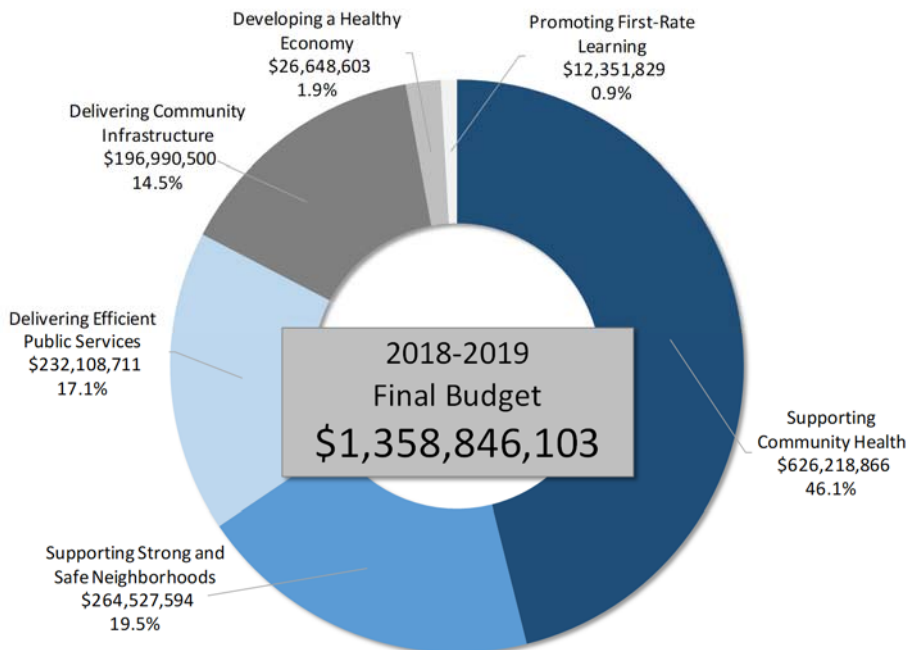


Budget Period

2018-2019/2019-2020

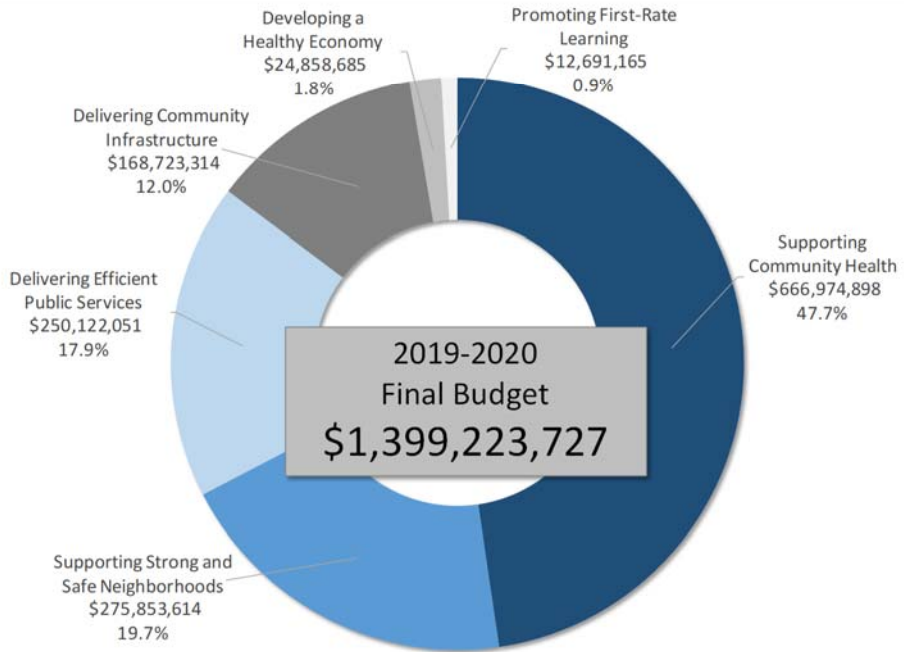
2018-2019 Adopted Final Budget

The 2018-2019 Adopted Final Budget solidified the operational plan for year one of the two-year budget cycle covering Budget Period 2018-2019/2019-2020. Approved by the Board of Supervisors on September 18, 2018, the \$1.4 billion budget was funded by \$1.3 billion in estimated revenue and balanced using \$68.5 million in fund balance and one-time funding. Representing a 7.4% increase over the prior fiscal year, the 2018-2019 Adopted Final Budget supported a variety of activities spanning all Board priority areas, including program needs for departments *Supporting Community Health*, the replacement of critical equipment for those *Supporting Strong and Safe Neighborhoods*, office efficiencies and safety improvements for departments *Delivering Efficient Public Services*, the transfer of funding from those *Developing a Healthy Economy* for the Crows Landing Industrial Business Park, and operational needs for departments *Promoting First-Rate Learning* and *Delivering Community Infrastructure*. The Final Budget provided funding to support a staffing level of 4,496 full-time allocated positions.



Budget Period

2018-2019/2019-2020



2019-2020 Recommended Final Budget

Initially developed as the 2019-2020 Spending Plan and updated with the 2019-2020 Adopted Proposed Budget, the operational plan for year two of the two-year cycle is fully set with the 2019-2020 Recommended Final Budget. The \$1.4 billion budget is funded by \$1.3 billion in estimated revenue and is balanced using \$64.6 million in fund balance and one-time funding. The 2019-2020 Final Budget represents a 3% increase over the 2018-2019 Adopted Final Budget. Of significance in year two is the transfer of \$11.6 million in Performance Visioning Carryover Savings (PVCS). Implemented as part of the two-year budget model, the program allows General Fund departments to transfer savings realized in year one to year two when supported by a positive financial forecast, as identified in the 2018-2019 Midyear Financial Report. Other increases are mostly attributable to additional support to departments/agencies provided through *Delivering Efficient Public Services* priority. Staffing adjustments included in the Final Budget result in an overall reduction to allocated positions for a total authorized position count of 4,516.

2019-2020 Final Budget

Appropriations by Department

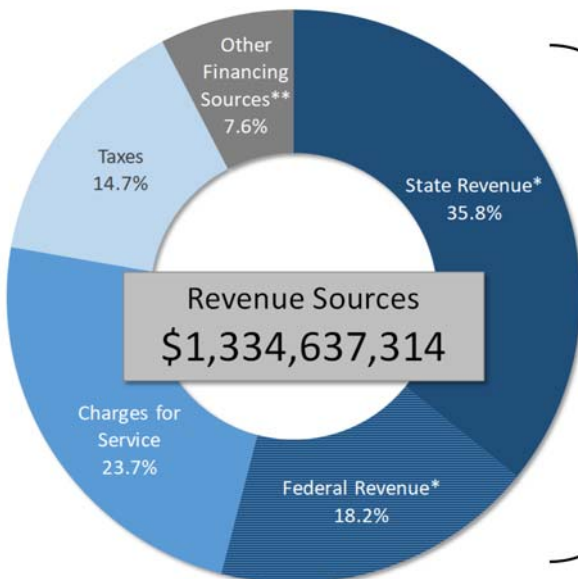
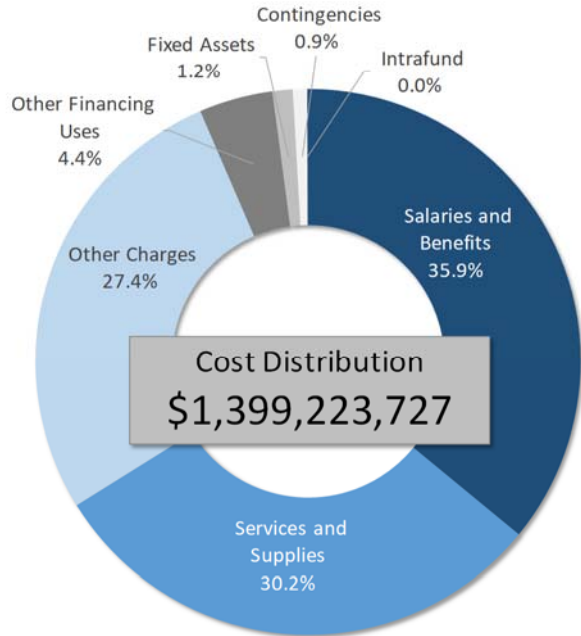
Community Services Agency	\$413.0	<i>Supporting Community Health</i> \$667.0 Million
Behavioral Health/Recovery Services	\$139.8	
Health Services Agency	\$85.1	
Child Support Services	\$18.0	
Aging and Veterans Services	\$5.3	
Children and Families Commission	\$5.0	
CEO-Stanislaus Veterans Center	\$0.8	
Sheriff	\$153.6	<i>Supporting Strong and Safe Neighborhoods</i> \$275.8 Million
Probation	\$71.0	
District Attorney	\$23.8	
Public Defender	\$14.1	
CEO-County Operations	\$6.8	
CEO-OES/Fire Warden	\$4.3	
ICJIS	\$1.3	
CEO-Capital Projects Fund	\$0.7	
Grand Jury	\$0.2	
CEO-Risk Management Division	\$88.7	<i>Delivering Efficient Public Services</i> \$250.1 Million
CEO-County Operations	\$82.4	
General Services Agency	\$21.5	
Chief Executive Office	\$12.0	
Information Technology Central	\$11.8	
Clerk-Recorder	\$10.2	
Assessor	\$8.1	
Auditor-Controller	\$5.7	
Treasurer-Tax Collector	\$4.1	
County Counsel	\$4.1	
Board of Supervisors	\$1.5	
Public Works	\$109.0	<i>Delivering Community Infrastructure</i> \$168.7 Million
Environmental Resources	\$34.1	
Planning/Community Development	\$15.4	
Parks and Recreation	\$10.2	
Workforce Development	\$17.4	<i>Developing a Healthy Economy</i> \$24.9 Million
Agricultural Commissioner	\$6.5	
Cooperative Extension	\$0.8	
CEO-Economic Development Bank	\$0.2	
Library	\$12.7	<i>Promoting First-Rate Learning</i> \$12.7 Million
	Millions	

2019-2020 Final Budget Appropriations/Revenue

Salaries and Benefits make up the largest portion of Countywide expenses at 35.9% of overall costs. This portion of the budget supports employee-related costs for 4,516 allocated County positions.

Services and Supplies, covering a variety of operating expenses for departments and programs, make up 30.2% of all costs.

Other Charges, at 27.4% of all costs, are primarily made up of Cost Allocation Plan (CAP) charges.



*Approximately 54% of County revenue comes from the **State** and **Federal** governments, the majority of which is restricted and must fund specific programs in the *Supporting Community Health* priority area.

**Includes Licenses, Permits, Franchises; Fines, Forfeitures, Penalties; Revenue from Use of Assets; Miscellaneous Revenue; Other Financing Sources; and other Intergovernmental Revenue.

2019-2020 Final Budget

Appropriations/Revenue by Fund

2019-2020 Recommended Final Budget

Consistent with standard accounting practices, the County’s budget is divided into separate financial entities known as “funds.” Used to carry out specific activities in accordance with special regulations, restrictions, or limitations, governments use these fund entities to segregate their financial resources and demonstrate legal compliance. There are three “governmental funds” (General, Special Revenue, and Capital Projects funds) to account for local governmental activities and two proprietary fund types for “business-type” activities (Enterprise and Internal Service funds).

- **General Fund**—Used to pay for core services such as public safety, parks and recreation, planning and community development, justice administration, tax assessment and collection, and a host of other vital services to the community. The revenue used to pay for these services comes primarily from local taxes such as property tax and sales tax, franchise fees, charges for services, and a variety of other discretionary sources.
- **Special Revenue Funds**—Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and account for over half of Stanislaus County’s budget.
- **Capital Projects Funds**—Typically used to account for financial resources that are identified for the acquisition or construction of major capital facilities.
- **Enterprise Funds**—Established for specific services that are funded directly by fees charged for goods and/or services.
- **Internal Service Funds**—Used to report activities that provide goods or services to other County departments or agencies on a cost-reimbursement basis.

2019-2020 Final Budget Summary by Fund Type	Total Recommended Appropriations	Total Recommended Revenue	Fund Balance and One-Time Funding
General Fund	\$ 377,581,748	\$ 357,232,677	\$ 20,349,071
Special Revenue Funds	812,597,772	787,782,980	24,814,792
Capital Projects Funds	731,000	760,000	(29,000)
Enterprise Funds	84,847,591	67,731,364	17,116,227
Internal Service Funds	123,465,616	121,130,293	2,335,323
Total	\$ 1,399,223,727	\$ 1,334,637,314	\$ 64,586,413

2019-2020 Final Budget

General Fund

General Fund	2017-2018	2018-2019	2019-2020
	Adopted Final Budget	Adopted Final Budget	Recommended Final Budget
Departmental Appropriations	\$ 315,912,550	\$ 348,660,154	\$ 365,573,238
Appropriations for Contingencies	13,943,669	7,915,499	12,008,510
Total Appropriations	\$ 329,856,219	\$ 356,575,653	\$ 377,581,748
Departmental Revenue	103,311,988	116,754,369	122,933,677
General Fund Contribution	\$ 226,544,231	\$ 239,821,284	\$ 254,648,071
Sources of Funding			
Discretionary Revenue	\$ 205,839,500	\$ 223,068,632	\$ 234,299,000
Fund Balance - Unassigned	-	1,873,330	(1,594,437)
Fund Balance Assignments	20,704,731	14,879,322	21,943,508
Total Sources of Funding	\$ 226,544,231	\$ 239,821,284	\$ 254,648,071

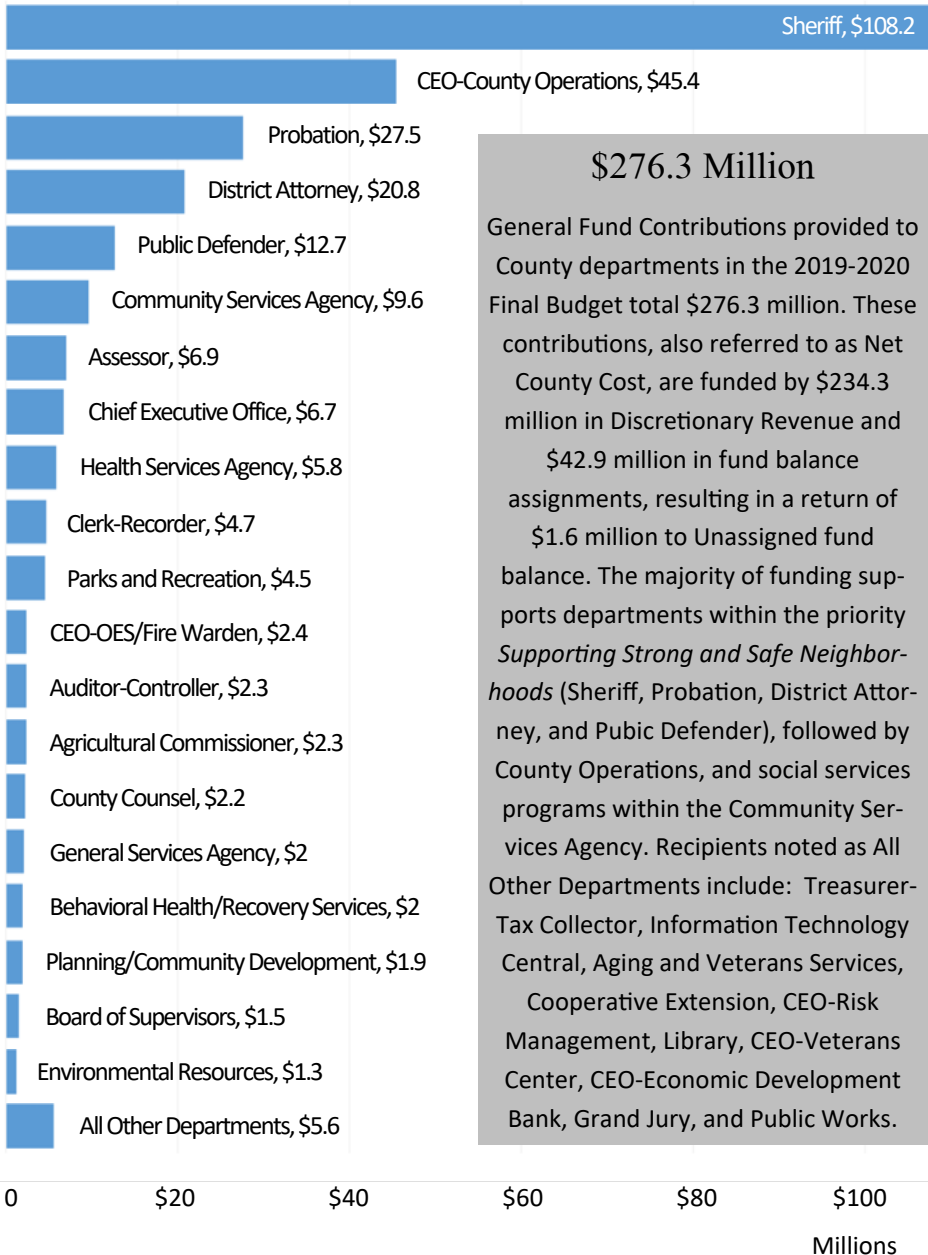
General Fund: 2019-2020 Recommended Final Budget

The 2019-2020 Recommended Final Budget for the General Fund totals \$377.6 million, an increase of \$21 million from the 2018-2019 Adopted Final Budget. The 5.9% increase is largely attributed to the \$11.6 million in Performance Visioning Carryover Savings (PVCS) program transfers provided to General Fund departments (as noted on Page 7). Additional increases will support multiple community projects and additional cannabis application activities totaling \$2.1 million in CEO—County Operations budgets, increases to General Fund Contributions to Other Programs totaling \$1.3 million, increases to insurance premiums of \$1.1 million in CEO—Risk Management, and \$4.9 million in General Fund support to other departments.

General Fund budgets rely on \$122.9 million in estimated departmental revenue and \$234.3 million in projected Discretionary Revenue to fund appropriations. The General Fund is balanced using a net \$20.3 million in fund balance, bringing total funding sources to \$254.6 million. The fund balance for the General Fund totaled \$218.9 million on July 1, 2019, and is projected to end the fiscal year with a fund balance of \$198.6 million on June 30, 2020.

The use of fund balance assignments to balance the budget represents the value of long-range planning in action. These funds, set aside from savings in prior years, are dedicated to meeting various needs in the current budget. Stanislaus County relies on a multi-year long-range model for guidance on financial decisions.

2019-2020 Final Budget General Fund Contributions



\$276.3 Million

General Fund Contributions provided to County departments in the 2019-2020 Final Budget total \$276.3 million. These contributions, also referred to as Net County Cost, are funded by \$234.3 million in Discretionary Revenue and \$42.9 million in fund balance assignments, resulting in a return of \$1.6 million to Unassigned fund balance. The majority of funding supports departments within the priority *Supporting Strong and Safe Neighborhoods* (Sheriff, Probation, District Attorney, and Public Defender), followed by County Operations, and social services programs within the Community Services Agency. Recipients noted as All Other Departments include: Treasurer-Tax Collector, Information Technology Central, Aging and Veterans Services, Cooperative Extension, CEO-Risk Management, Library, CEO-Veterans Center, CEO-Economic Development Bank, Grand Jury, and Public Works.

Long-Range Model/ Capital Improvement Plans

General Fund Long-Range Model

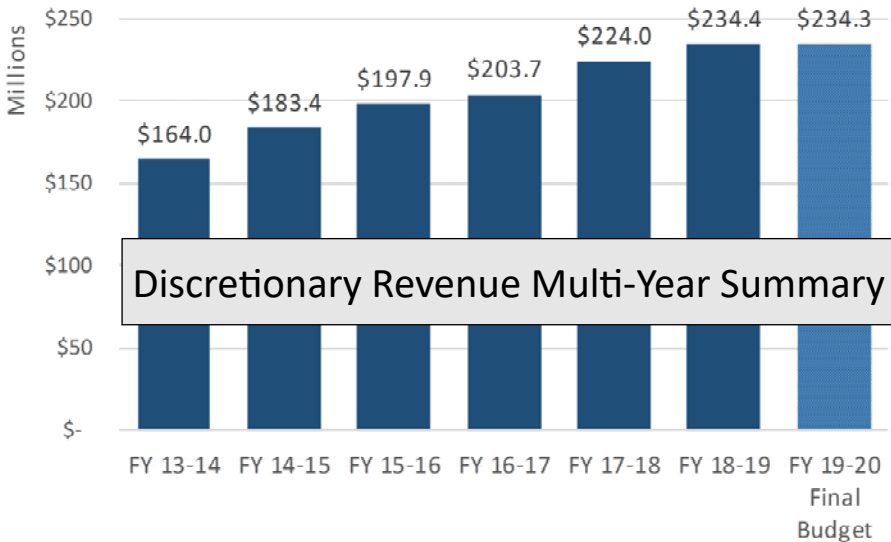
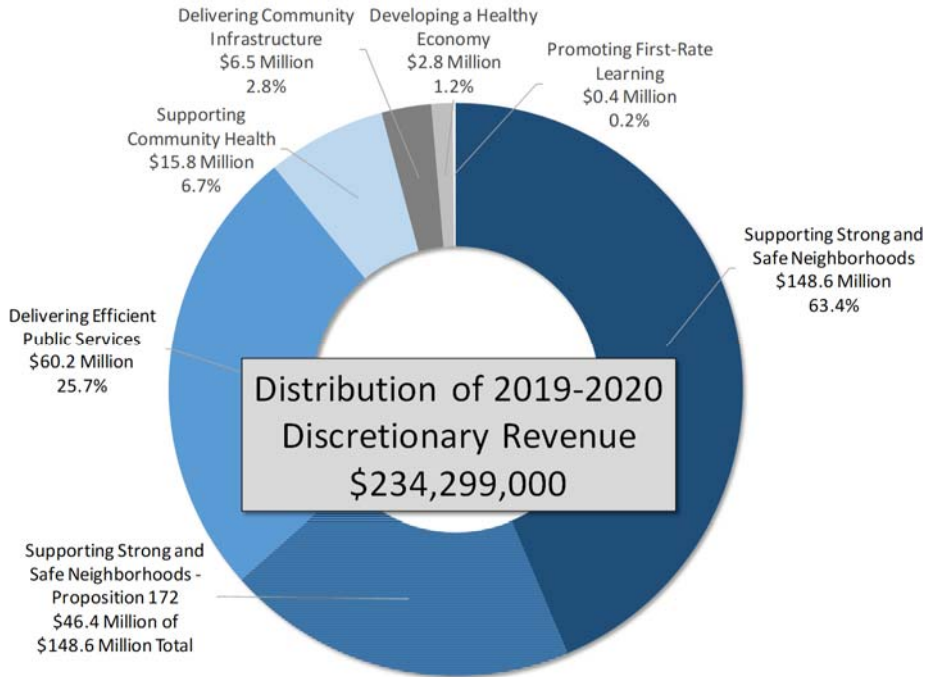
The General Fund Long-Range Model illustrates long-range financial plans that extend beyond the current fiscal year. Projections include escalation factors to meet the cost of doing business and address the County's service needs into the future.

Item	2019-2020 Recommended Final Budget	2020-2021 Projected Budget	2021-2022 Projected Budget	2022-2023 Projected Budget	2023-2024 Projected Budget
Funding Assumptions					
Discretionary Revenue	\$ 234,299,000	\$ 240,500,000	\$ 245,700,000	\$ 249,600,000	\$ 253,600,000
Departmental Revenue	122,933,677	124,200,000	125,400,000	126,700,000	128,000,000
Unassigned Fund Balance	(1,594,437)	658,095	9,000,000	9,000,000	9,000,000
Assigned Fund Balance	21,943,508	1,000,000	500,000	-	-
Total Funding	\$ 377,581,748	\$ 366,358,095	\$ 380,600,000	\$ 385,300,000	\$ 390,600,000
Expenditure Assumptions					
Base Budget	\$ 316,357,387	\$ 322,745,828	\$ 335,386,472	\$ 343,021,569	\$ 351,072,620
Restoration of 5% Salary/ Vacancy Rate Factor	8,100,000	8,400,000	8,700,000	9,000,000	9,000,000
Debt Service Offset by Rents	(1,323,222)	(1,323,222)	(1,090,887)	(1,090,887)	(1,164,960)
Adult Detention Expansion I/II	13,828,776	14,312,783	14,813,730	15,332,211	15,868,838
Jai) Medical	14,611,310	15,122,706	15,658,175	16,206,211	16,773,429
Adult Detention Expansion Phase III (placeholder)	-	5,600,000	5,796,000	5,998,860	6,208,820
One-time Projects/Equipment	24,507,497	-	-	-	-
Deferred Maint/ADA Items	1,500,000	1,500,000	1,500,000	1,000,000	1,000,000
Total Costs	\$ 377,581,748	\$ 366,358,095	\$ 380,768,490	\$ 389,467,964	\$ 398,758,748
Total (Deficit in Brackets)	\$ -	\$ -	\$ (163,490)	\$ (4,167,964)	\$ (8,158,748)

Capital Improvement Plan

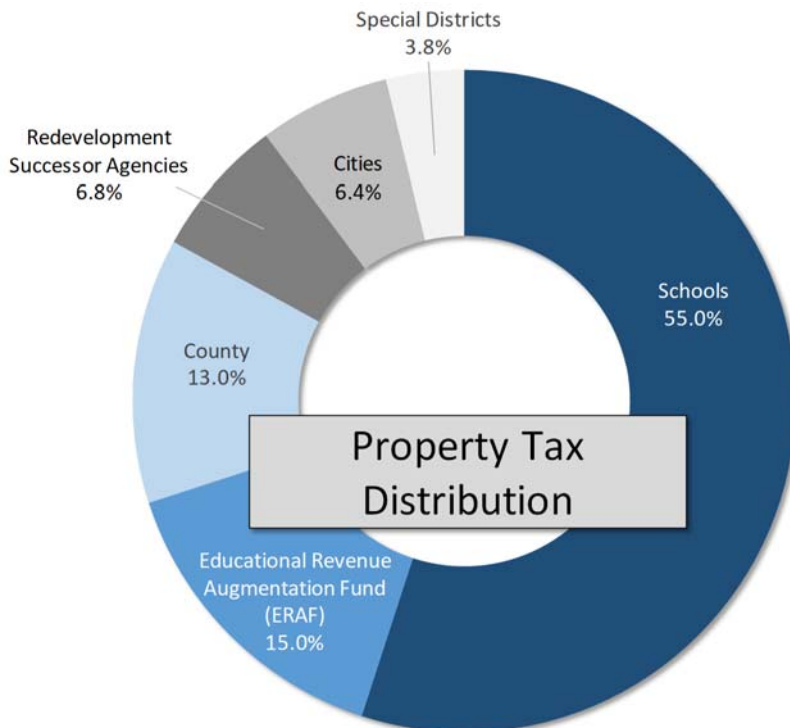
The Capital Improvement Plan (CIP) was developed to assist County decision makers in understanding specific project needs in the context of overall priorities for major capital investments and their operational impacts. Prepared biennially in coordination with the County budget, the CIP for Budget Years 2018-2019/2019-2020 was adopted on April 2, 2019. The CIP lists 225 projects totaling \$1.7 billion planned over 20 years, broken out by category. Category A includes 53 projects which are approved and funded by action of the Board of Supervisors for a total of \$454 million in Fiscal Years 2018-2019 and 2019-2020. Category B includes 20 projects with are pending implementation subject to funding or plan development for an estimated \$114.5 million. Category C includes 106 projects which are included in a Board-approved strategy or master plan estimated at \$1.1 billion. Category D includes 46 projects which are awaiting further conceptual development and cost estimates.

2019-2020 Final Budget Discretionary Revenue

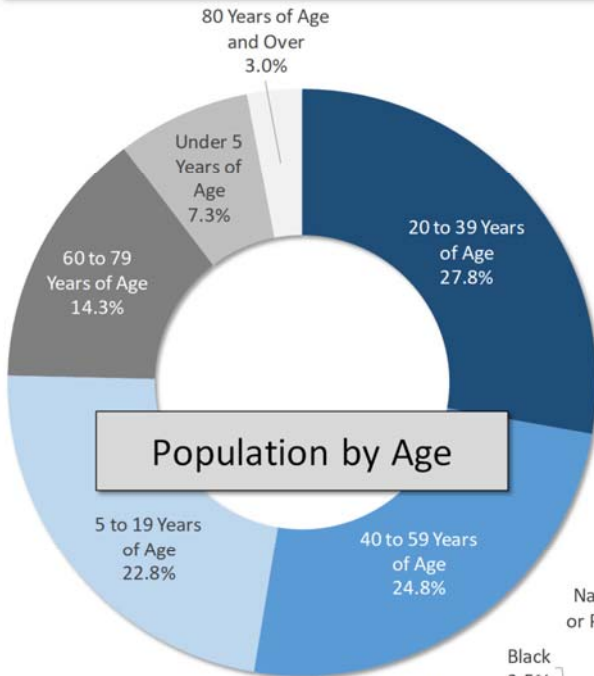


2019-2020 Final Budget Tax Revenue

7.875% Sales Tax Distribution



Stanislaus County Population Demographics



Population by Age

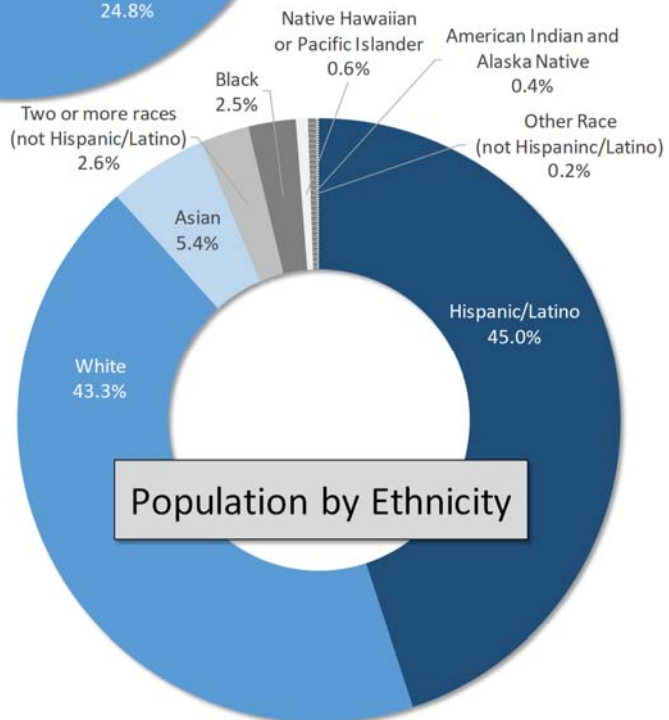
Population for Stanislaus County as of July 1, 2017 is estimated at 535,684. Over half are between 20 and 59 years of age. Those 60 and over represent 17.3% of the population.

Source: US Census Estimates as of July 1, 2017

Ethnicity

Stanislaus County is predominantly Hispanic/Latino and white in its ethnic makeup, with all other ethnicities combining to form 11.7% of the population.

Source: Department of Finance 2013-2017 American Community Survey



2019-2020 Final Budget Multi-Year Staffing Summary

Department	Final Budget 2017-2018	Final Budget 2018-2019	Final Budget 2019-2020
Aging and Veterans Services	17	17	17
Agricultural Commissioner	38	38	40
Animal Services	32	34	33
Assessor	58	58	58
Auditor-Controller	42	43	40
Behavioral Health and Recovery Services	471	485	489
Board of Supervisors	9	9	10
CEO - County Fire Services Fund	7	7	7
CEO - Focus on Prevention	5	0	0
CEO - OES/Fire Warden	7	7	10
CEO - Operations and Services	50	55	57
CEO - Risk Management	12	13	13
Child Support Services	161	161	161
Children and Families Commission	5	5	5
Clerk-Recorder	48	48	48
Community Services Agency	1,135	1,138	1,144
Cooperative Extension	4	5	5
County Counsel	16	16	17
District Attorney	144	149	152
Environmental Resources	101	106	105
General Services Agency	62	62	65
Health Services Agency	486	472	431
Law Library	2	2	2
Library	76	76	76
Local Agency Formation Commission	3	3	3
Parks and Recreation	42	46	54
Planning and Community Development	35	35	35
Probation	286	284	283
Public Defender	47	50	51
Public Works	110	113	121
Retirement	16	16	16
Sheriff	731	730	740
Stanislaus Regional 911	59	59	59
Strategic Business Technology	30	31	39
Treasurer-Tax Collector	33	33	33
Veterans' Services	5	5	6
Workforce Development	84	85	91
Total Staffing	4,469	4,496	4,516

2019-2020 Final Budget Reporting on Performance

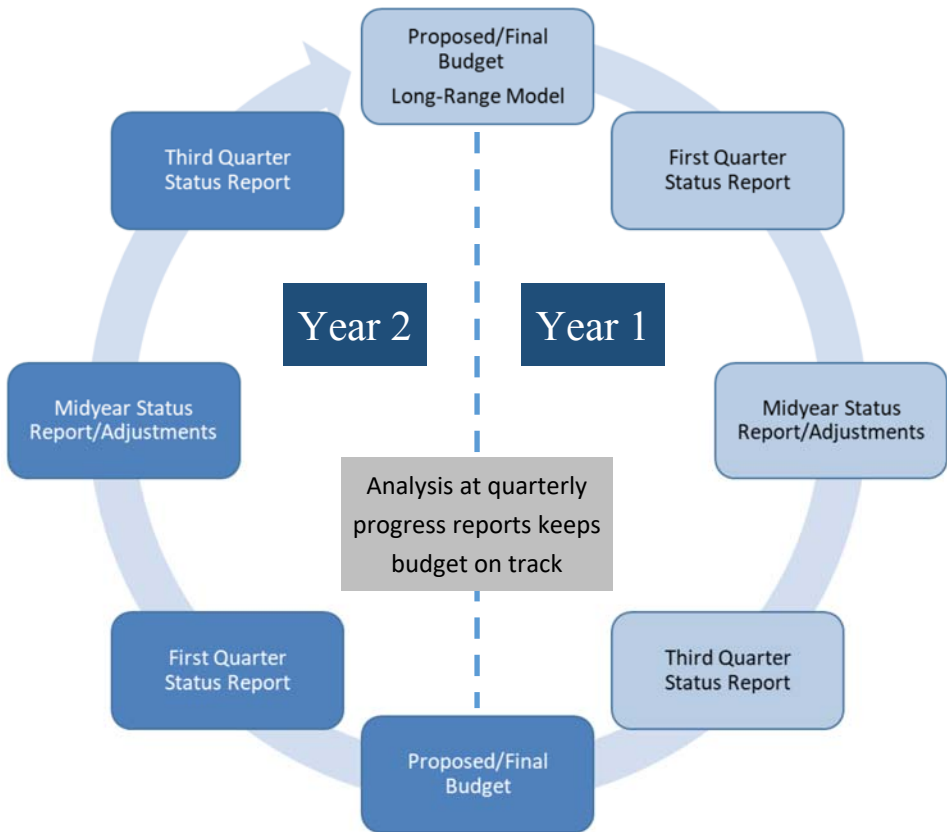
Performance Visioning in Stanislaus County

The 2019-2020 Final Budget document includes the Annual Report on Results for Fiscal Year 2018-2019 for each department. In addition to department objectives identified in year one that align with their individual missions and the priorities of the Board, departments report on their progress midway through the two-year time frame in which they have to accomplish established goals. This focus on developing, monitoring, and achieving thoughtfully considered objectives is the foundation upon which the new two-year model is built with a deliberate shift towards an outcome-based approach to the allocation of County resources that strives to answer the question, “Is anyone better off?” Those metrics that are outside any one department’s ability to affect, those markers that can make a difference in considering this community as home, are presented as community indicators by Board priority area.



Stanislaus County Two-Year Budget Cycle

Stanislaus County has a budget cycle covering a distinct two-year period. The current Budget Period covers Fiscal Years 2018-2019/2019-2020 and began on July 1, 2018 and will end on June 30, 2020. The following diagram outlines the process in clockwise fashion:



Each cycle ends with performance results to inform the next two-year budget cycle

Each cycle is preceded by Board priority direction and CEO strategic visioning

Stanislaus County Board of Supervisors



Pictured, left to right:

Terry Withrow - District 3;
Jim DeMartini - District 5;
Kristin Olsen - District 1;
Tom Berryhill - District 4; and
Vito Chiesa- District 2

