



# Executive Summary

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## INTRODUCTION

The Adopted Proposed Budget for Fiscal Year 2011-2012 was approved by the Board of Supervisors on June 7, 2011 and the Final Budget Addendum which outlines recommended changes to the Adopted Proposed Budget was approved by the Board on September 13, 2011. The Adopted Proposed Budget and Adopted Final Budget Addendum together create the Adopted Final Budget that provides Stanislaus County with a balanced spending plan for Fiscal Year 2011-2012. It is likely that additional adjustments and changes will be needed later in the year as a result of the State's ongoing budget crisis and the current economic downturn.

The Adopted Proposed Budget as approved on June 7, 2011 totaled \$894,271,968 for all funds. The Adopted Final Budget for all funds in Fiscal Year 2011-2012 decreased by \$3,144,865 to a total of \$891,127,103. Although appropriations in the General, Special Revenue, Capital Projects, Internal Service, and Enterprise Funds increased by \$9,902,273 from the Adopted Proposed Budget, the overall decrease is primarily attributed to the reclassification of the Environmental Resources – Waste-to-Energy budget from an enterprise fund to an agency fund, thus removing \$13,047,138 from the County budget.

Consistent with standard accounting practices, the County's budget is accounted for in separate financial entities known as "funds". A fund contains a set of accounts that carry out specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations. Governments use these fund entities to segregate their financial resources and demonstrate legal compliance. The County's budget includes three "governmental funds" - General, Special Revenue, and Capital Projects - to account for local government activities. The County also uses two proprietary fund types that are for "business-type" activities - Enterprise and Internal Service funds.

The breakdown of the 2011-2012 Adopted Final Budget between funds is as follows:

### Summary of Adopted Final Budget by Fund

<b>Fund Type</b>	<b>Total Adopted Appropriations</b>	<b>Total Adopted Revenue</b>	<b>Fund Balance &amp; One-Time Funding Required</b>
General	\$ 230,029,775	\$ 215,164,765	\$ 14,865,010
Special Revenue	501,756,368	478,385,750	\$ 23,370,618
Capital Projects	18,839,895	8,308,906	\$ 10,530,989
Enterprise	61,262,641	58,548,071	\$ 2,714,570
Internal Service	79,238,424	76,560,647	\$ 2,677,777
<b>Total \$</b>	<b>891,127,103</b>	<b>\$ 836,968,139</b>	<b>\$ 54,158,964</b>

## ADOPTED FINAL BUDGET BY FUND

### General Fund

The General Fund is 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. 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. Included in the General Fund is the Debt Service budget that provides funding for annual County debt obligations of approximately \$11.3 million. The General Fund for the Adopted Final Budget for Fiscal Year 2011-2012 is \$230,029,775, an increase of \$3,326,104 from the 2011-2012 Adopted Proposed Budget, but down from the 2010-2011 Final Adopted Budget by \$6,981,691.

The increase in the General Fund is due to several factors and includes increased funding for the Chief Executive Office Plant Acquisition, Parks and Recreation, and Probation Institutions budgets. Chief Executive Office Plant Acquisition is receiving additional funding of \$800,000 for critical heating and cooling repairs at the downtown Men's Jail. Parks and Recreation is receiving \$856,000 for Woodward Reservoir Improvements funded by Public Facility Fees, and \$150,804 for the Salida Well Development Project. Probation Institutions is receiving \$650,000 from restored Senate Bill (SB) 89 funding for programs that were previously funded under the Vehicle License Fee program.

Departments that achieved savings in appropriations were able to carry forward 100% of their unused net county cost savings balance from Fiscal Year 2009-2010 and 75% of their 2010-2011 net county cost savings as part of the year-end close for Fiscal Year 2010-2011. Departments that achieved net county cost savings in revenue requested an increase in appropriations at the Final Budget. As a result, the Area Agency on Aging, Chief Executive Office, Clerk-Recorder, Cooperative Extension, General Services Agency, Planning and Community Development, Probation, Sheriff, and Treasurer-Tax Collector received increases in appropriations to reflect their net county cost savings totaling \$934,428 that was a result of additional departmental revenue received in Fiscal Year 2010-2011.

Department	Year End	Final Budget	2010-2011 Total Carryover Savings
Area Agency on Aging/Veteran Services	7,824.00	3,750.00	11,574.00
Agricultural Commissioner	855,831.75	-	855,831.75
Assessor	296,612.75	-	296,612.75
Auditor-Controller	167,527.50	-	167,527.50
Board of Supervisors	70,824.75	-	70,824.75
Chief Executive Office	1,781,297.75	96,175.00	1,877,472.75
Clerk-Recorder	205,763.25	122,059.00	327,822.25
Cooperative Extension	16,924.75	512.00	17,436.75
County Counsel	362,008.00	-	362,008.00
District Attorney	516,932.00	-	516,932.00
General Services Agency	21,641.25	7,060.00	28,701.25
Parks and Recreation	407,286.50	-	407,286.50
Planning & Community Development	184,587.60	130,451.00	315,038.60
Probation	384,977.57	558,221.00	943,198.57
Public Defender	-	(3,328.00)	(3,328.00)
Sheriff	3,431,301.50	6,369.00	3,437,670.50
Treasurer/Tax Collector	494,515.00	13,159.00	507,674.00
<b>Total</b>	<b>\$ 9,205,855.92</b>	<b>\$ 934,428.00</b>	<b>\$ 10,140,283.92</b>

Budgets within the General Fund are funded by \$75,135,765 in department revenue and \$140,029,000 in discretionary revenue. The General Fund relies on the use of \$14,865,010 in fund balance bringing total funding sources for the General Fund to \$230,029,775.

Discretionary Revenue is revenue available to the Board of Supervisors to fund programs as they choose. The majority of Discretionary Revenue 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 Agricultural Commissioner. Health and Human Services departments use Discretionary Revenue to support maintenance of effort requirements to obtain additional revenue for Federal and State supported programs.

Discretionary Revenue, established at \$140,029,000 in the Fiscal Year 2011-2012 Adopted Proposed Budget, remains unchanged for the Adopted Final Budget. This is an overall decrease of \$3.9 million when compared to the Fiscal Year 2010-2011 Adopted Final Budget and a \$5.2 million decrease from the Fiscal Year 2010-2011 actual revenue received. Discretionary Revenue at year-end was better than expected as the result of some one-time funds (such as the distribution from the State of excess Vehicle License Fees) and a stronger than expected growth in Proposition 172, public safety sales tax revenue.

For the fourth consecutive year, the County Assessor announced an overall decrease in assessed property values compared to the values on the roll at the beginning of the prior fiscal year. The declines in the prior three years resulted primarily from the residential real estate downturn while the current decrease in value is primarily related to the reassessment of commercial property. In addition, interest earned on funds in the County Treasury has dropped as a result of depressed interest rates.

Discretionary Revenue is expected to increase in Fiscal Year 2011-2012 from the implementation of Assembly Bill 1265 which will shorten the term of Williamson Act contracts. The result is a reduction in the property tax relief given to the landowners and increased revenues to the County's General Fund. Sales tax revenue may improve as well during the fiscal year if the economy continues with some growth.

Overall, there is not enough evidence of a significant change in Discretionary Revenue for an adjustment to be made to the estimates in the Adopted Proposed Budget. Ongoing analysis will be conducted throughout the upcoming months and any necessary adjustments will be included in the 2011-2012 Mid-Year Financial Report to the Board in March 2012, when a better picture of discretionary revenue sources materializes.

### Discretionary Revenue

Description	Fiscal Year 2010-2011 Adopted Final Budget	Fiscal Year 2010-2011 Actuals	Fiscal Year 2011-2012 Adopted Proposed Budget	Fiscal Year 2011-2012 Adopted Final Budget
Taxes	\$ 101,593,000	\$ 101,409,111	\$ 97,841,000	\$ 97,841,000
Licenses, Permits, & Franchises	957,000	985,842	975,000	975,000
Fines, Forfeitures & Penalties	6,425,000	5,729,900	6,100,000	6,100,000
Revenue from Use of Money	2,542,000	1,758,974	1,531,000	1,531,000
Intergovernmental Revenue	30,371,000	32,767,077	32,062,000	32,062,000
Charges for Services	(454,000)	(491,410)	(878,000)	(878,000)
Miscellaneous Revenue	166,000	(16,463)	98,000	98,000
Other Financing Sources	2,308,000	3,051,111	2,300,000	2,300,000
<b>Total</b>	<b>\$ 143,908,000</b>	<b>\$ 145,194,142</b>	<b>\$ 140,029,000</b>	<b>\$ 140,029,000</b>

The General Fund beginning unassigned fund balance for fiscal Year 2011-2012 of \$18.7 million exceeds the \$5.2 million projected to be used in the Adopted Proposed Budget. An additional \$1.7 million is included as part of the Final Budget and approximately \$5.3 million is dedicated to the increase of 75% carry forward savings achieved by departments. There is \$500,000 set-aside to fund carryover appropriations from the previous fiscal year. This total of \$12.7 million is assigned resulting in a remaining \$6 million for budget balancing purposes.

## **Special Revenue Funds**

Special Revenue Funds are a fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Special Revenue Funds account for over half of Stanislaus County's budget. Some of the larger Special Revenue Funds include Behavioral Health and Recovery Services, Community Services Agency, Alliance Worknet, Child Support Services, Environmental Resources, Public Works and a variety of other grant programs. The Adopted Final Budget for Special Revenue Funds for Fiscal Year 2011-2012 is \$501,756,368, an increase of \$6,434,897, from the 2011-2012 Adopted Proposed Budget, but down from the 2010-2011 Adopted Final Budget by \$16,213,375.

The increase in the Special Revenue Fund is primarily due to increased funding for the Alliance Worknet, Behavioral Health and Recovery Services, and Probation Department. Alliance Worknet is receiving additional funding of nearly \$1.3 million reflecting increased one-time funding to provide additional employment and training services funded by the Workforce Investment Act (WIA) for Rapid Response, Veterans Employment, and other programs. Behavioral Health and Recovery Services is receiving additional one-time funding of approximately \$1.0 million for the Educationally Related/Special Education Pupils Program to bridge the transition of the former AB3632 – Seriously Emotionally Disturbed services from Mental Health to Education; \$650,000 to purchase three additional psychiatric beds at the State Hospital, approximately \$1.7 million to fund the Mental Health Services Act (MHSA) Innovations contracts and administration and capital facilities/technological needs projects. These projects support new mental health practices or approaches to increase access to underserved groups, improve quality of services, and promote interagency collaboration. The Department is also receiving approximately \$300,000 to fund various capital improvement projects. Probation is receiving \$1.2 million in funding from the Juvenile Justice Crime Prevention Act (JJCPA) for programs that were previously funded under the Vehicle License Fee program, authorized by California Senate Bill 89.

Budgets within the Special Revenue funds are funded by \$463,543,654 in department revenue and \$14,842,096 in revenue from the General Fund. Special Revenue funds also rely on \$23,370,618 of prior year fund balance bringing total funding sources for the fund to \$501,756,368. The Special Revenue funds began the fiscal year with \$197,919,917 in fund balances and are projected to end the year with fund balances of \$174,549,299.

## **Capital Projects Funds**

The County's Redevelopment Agency (RDA), RDA Housing Set-Aside, Courthouse Construction Fund, and the Criminal Justice Facilities Fund are the budgets that are currently in the Capital Projects Fund type category. This fund type is typically used to account for financial resources that are used for the acquisition or construction of major capital facilities or to provide facilities for County departments. The Adopted Final Budget for Capital Projects funds for Fiscal Year 2011-2012 is \$18,839,895, an increase of \$26,272 from the Adopted Proposed Budget, but up from the 2010-2011 Final Budget by \$12,641,302. The Adopted Final Budget increase in the Capital Projects Fund will complete 12 months of lease costs at the Salida Sub Station Day Reporting Center to be funded from available fund balance.

The significant increase in the Capital Projects Fund over Fiscal Year 2010-2011 is a direct result of the Stanislaus County Redevelopment Agency moving forward in the 2011-2012 Fiscal Year with the design and construction of public improvements projects and associated hook-up infrastructure consistent with the approved Agency's 2010-2014 Implementation Plan. The Agency will be revisiting this strategy in the upcoming months given the recent State actions affecting all redevelopment agencies.

Budgets within Capital Projects funds are funded by \$8,308,906 in department revenue and \$10,530,989 of prior year fund balance, bringing total funding sources for the fund to \$18,839,895. Capital Project funds began the fiscal year with \$23,858,416 in fund balances and are projected to end the year with fund balances of \$13,327,427.

## **Enterprise Funds**

Enterprise Funds are set up for specific services that are funded directly by fees charged for goods or services. Examples of County Enterprise Funds include the Health Services Agency - Clinics and Ancillary Services, the landfills and the local transit system. Combined, the Adopted Final Budget for Enterprise Funds for Fiscal Year 2011-2012 is \$61,262,641, a decrease of \$12,947,138 from the Fiscal Year 2011-2012 Adopted Proposed Budget, and also down from the 2010-2011 Final Budget by \$12,756,804. The decrease is primarily attributed to the reclassification of the Environmental Resources – Waste-to-Energy budget of \$13,047,138 from an enterprise fund to an agency fund offset by an increase of \$100,000 for the Department of Environmental Resources to fund annual Geer Road Landfill administrative costs that were excluded in the Adopted Proposed Budget, to be funded by retained earnings.

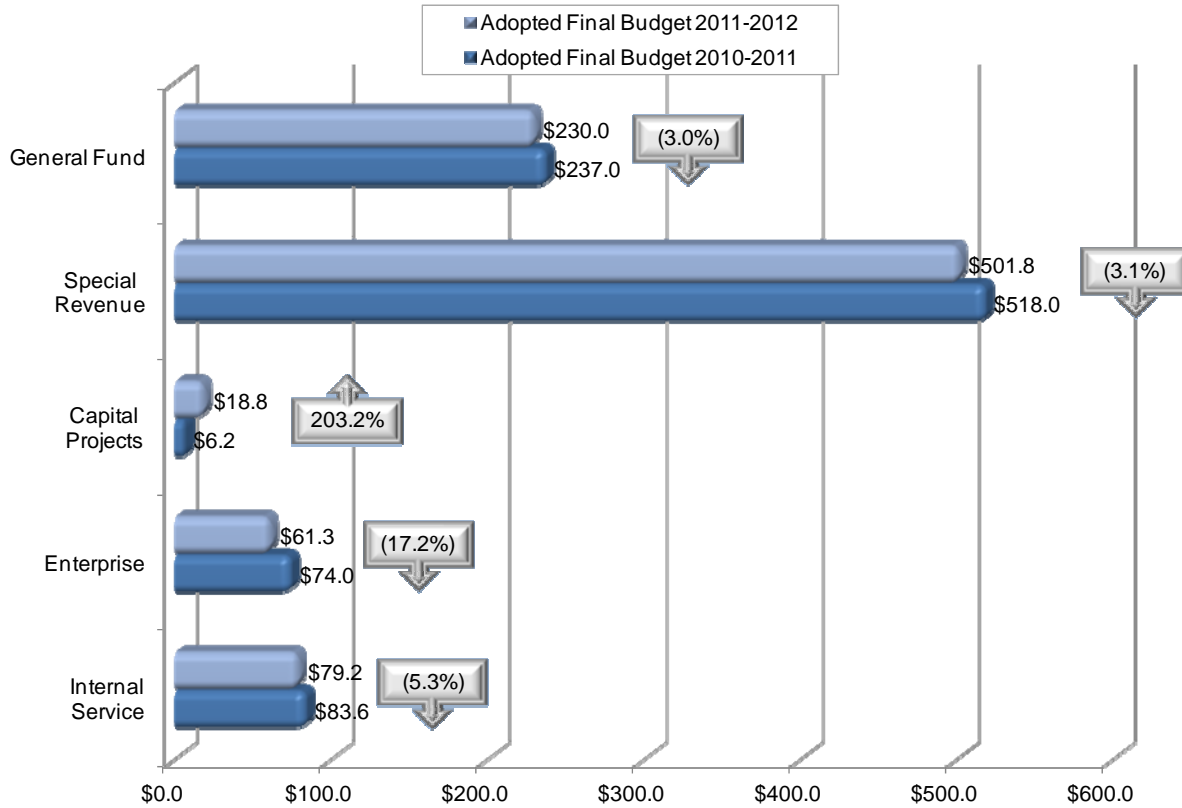
Budgets within the Enterprise Funds are funded by \$54,834,674 in department revenue and \$3,713,397 in revenue from the General Fund. The Enterprise Funds also rely on \$2,714,570 of prior year retained earnings bringing total funding sources for the funds to \$61,262,641. The Enterprise Funds began the fiscal year with \$9,927,118 in fund balances and are projected to end the year with fund balances of \$7,212,548.

## **Internal Service Funds**

Internal Service Funds are used for areas where goods or services are provided to other County departments or governments on a cost-reimbursement basis. Examples of Internal Service Funds are Strategic Business Technology (SBT), General Services Agency Central Services and Fleet Services and a variety of County self-insurance funds. The Fiscal Year 2011-2012 Adopted Final Budget for the Internal Service Funds is \$79,238,424, an increase of \$15,000 from the Fiscal Year 2011-2012 Adopted Proposed Budget, but down from the 2010-2011 Final Budget by \$4,314,821. The increase is in the General Services Agency Central Services budget and will be used for a recycling project funded by retained earnings.

Budgets within Internal Service Funds are funded by \$76,560,647 in department revenue and \$2,677,777 of prior year retained earnings bringing total funding sources for the funds to \$79,238,424. The Internal Service Funds began the fiscal year with \$18,478,577 in fund balances and are projected to end the year with fund balances of \$15,800,800.

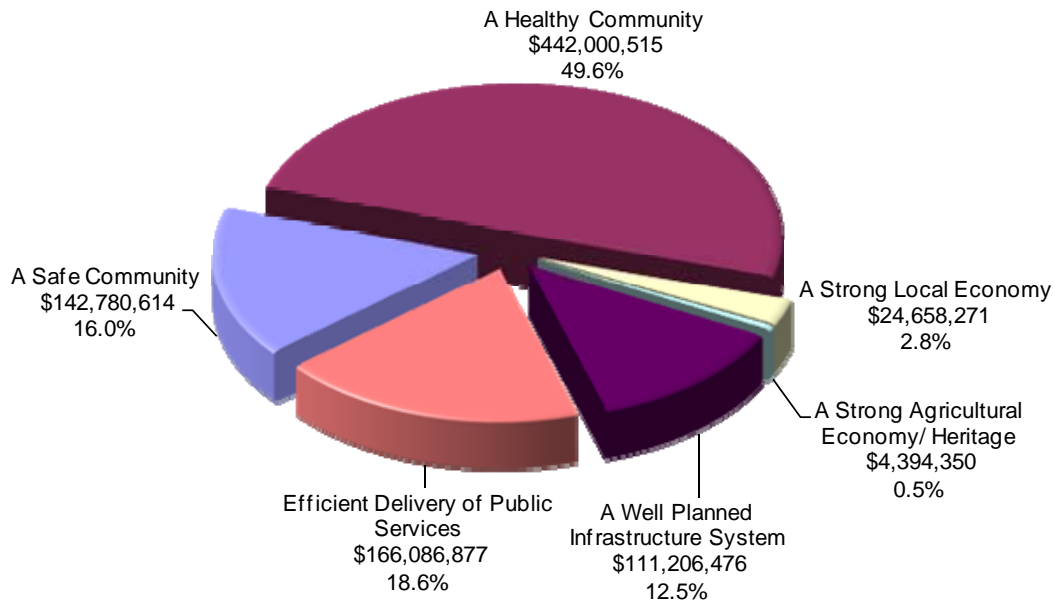
**Summary of Final Budget Appropriation Changes by Fund**



**ADOPTED FINAL BUDGET BY PRIORITY**

Below is a summary of the Adopted Final Budget by Board Priority Area. Detailed descriptions and recommendations can be found later in the document in their respective priority area. A breakdown of the Adopted Final Budget is illustrated by the following two charts.

**Fiscal Year 2011-2012 Adopted Final Budget Appropriations  
by Board Priority**



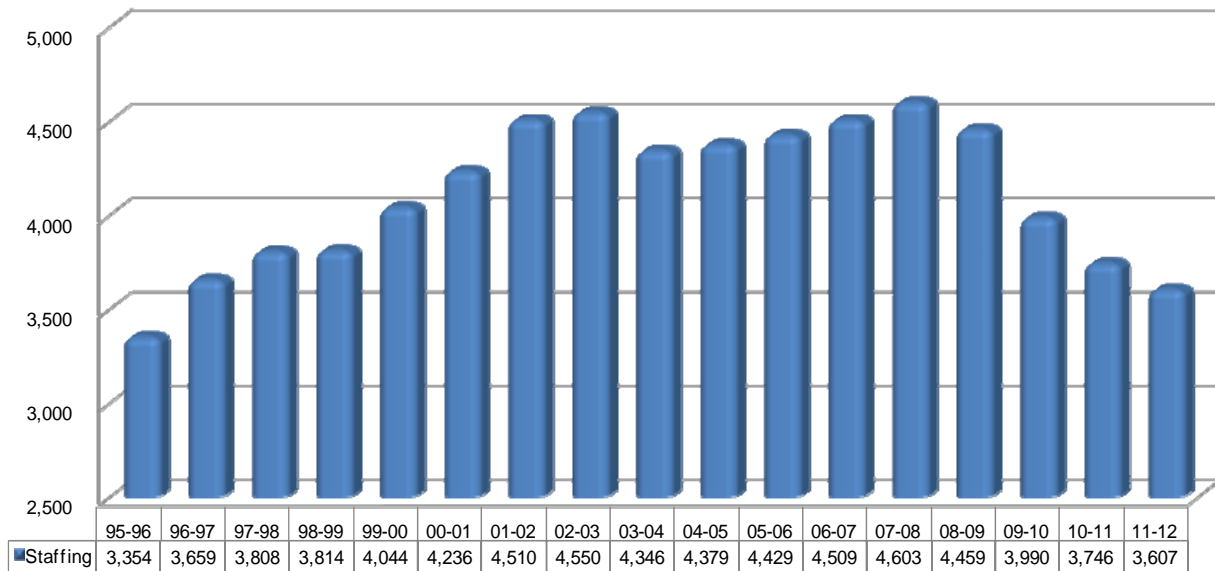
**Summary of the Adopted Final Budget by Board Priority**

Revenue	A Safe Community	A Healthy Community	A Strong Local Economy	A Strong Agricultural Economy/ Heritage	A Well Planned Infrastructure System	Efficient Delivery of Public Services	2011-2012 Adopted Final Budget
Department Revenue	\$ 41,231,641	\$ 411,959,687	\$ 23,646,461	\$ 3,137,383	\$ 88,389,748	\$ 110,018,726	\$ 678,383,646
Department Fund Balance/ Retained Earnings	934,036	13,094,057	520,000	20,173	19,829,894	4,895,794	39,293,954
Net County Cost	100,614,937	16,946,771	491,810	1,236,794	2,986,834	51,172,357	173,449,503
<b>Total Adopted Final Budget Resources</b>	<b>\$ 142,780,614</b>	<b>\$ 442,000,515</b>	<b>\$ 24,658,271</b>	<b>\$ 4,394,350</b>	<b>\$ 111,206,476</b>	<b>\$ 166,086,877</b>	<b>\$ 891,127,103</b>
Appropriations							
Adopted Proposed Budget	\$140,202,980	\$438,316,300	\$23,383,839	\$4,393,838	\$122,876,359	\$165,098,652	\$894,271,968
Recommended Adjustments	2,577,634	3,684,215	1,274,432	512	(11,669,883)	988,225	(3,144,865)
<b>Total Adopted Final Budget Appropriations</b>	<b>\$ 142,780,614</b>	<b>\$ 442,000,515</b>	<b>\$ 24,658,271</b>	<b>\$ 4,394,350</b>	<b>\$ 111,206,476</b>	<b>\$ 166,086,877</b>	<b>\$ 891,127,103</b>

**STAFFING LEVELS**

A majority of the Final Budget staffing is a continuation of the reorganizational efforts by County Departments to manage budget reductions and ensure efficiencies in staffing. This includes one reduction-in-force, unfunding eight (8) vacant positions, and deleting four (4) vacant positions. The Adopted Final Budget also restores four (4) unfunded positions, reclassifies upward two (2) positions, reclassifies downward two (2) positions and conducts classification studies for four (4) positions. In addition, there is multiple transferring of positions including department to department transfers of three positions, and inter-departmental transfers of 14 positions. In the last three years, the number of full-time allocated positions in the County has decreased from 4,459 in the Fiscal Year 2008-2009 Adopted Final Budget, to 3,607 in the Adopted Final Budget for Fiscal Year 2011-2012. It is important to note that the position allocation count increased from 3,576 from the 2011-2012 Adopted Proposed Budget to 3,607 in the Fiscal Year 2011-2012 Adopted Final Budget. This was primarily as a result of increases in funding at the Community Services Agency and the Probation Department. The County has downsized more than 1,000 positions from Fiscal Year 2007-2008. The County operates at Fiscal Year 1995-1996 staffing levels while the County population has grown 25% since 1995.

**Stanislaus County Staffing**



## **ONGOING CHALLENGES**

### **Economic Crisis**

The national economic crisis continues. The local effects of this national crisis will be a major driver for organizational challenges to Stanislaus County.

Stanislaus County has been aggressively working on cost reduction and revenue enhancement strategies since Fiscal Year 2008-2009. In Fiscal Year 2009-2010 during the Mid-Year budget process, leadership developed and implemented a 30-month budget strategy and created a framework for prudent fiscal management during the Federal, State and local budget crisis. As the national economic crisis persists, County leadership continues to establish and implement strategies to meet the ongoing challenges this creates.

Decreased discretionary revenue and increased service needs for the Stanislaus County residents has created a significant organization pull that will continue through this fiscal year, and at a minimum over the next few years. Salaries and benefits continue to be the largest portion of the County budget and as a result, a significant focus of cost-containment.

### **State Budget**

The State budget has become an annual challenge for local government organizations. A dysfunctional State budgeting process, an overburdened debt capacity, short-term budget solutions that create crippling long-term impacts, as well as ineffective budget solutions continue to dominate the State legislature's approach to fiscal governance. All of these issues have a direct impact to Stanislaus County. The County fully expects to see further cuts to funding for County programs, attempted cost shifts to local government and possible delays in reimbursement for services provided. Each of these areas have become an annual threat to, or reality, for local government. State budget revenues for Fiscal Year 2011-2012 are already running behind projections.

State elected officials continue to pass legislation that has local fiscal impact without regard to supplying State funding for these mandates. There is no expected change to this State approach in Fiscal Year 2011-2012 and while not fully identified, local impacts are expected. County leadership continues to identify solutions and strategies that will allow the County to maintain a balanced budget while preserving the programs most critical to the community.

### **In-Home Supportive Services**

Significant exposures exist in the In-Home Supportive Services (IHSS) program. The IHSS program continues to grow in size and cost, while available dollars to fund the program are shrinking. The County does not have the discretion to discontinue the program, nor can the County reduce services to eligible customers per program regulations. At this time, a projected \$2.1 million exposure remains in the Community Services Agency IHSS wages and benefits due to the loss of enhanced Federal Medicaid Assistance Percentages (FMAP) funding on June 30, 2011.

### **General Assistance**

The Community Services Agency has projected it can support only 87.5% of the General Assistance mandate based on current caseloads and program demand. Based on current projections, this will leave an estimated unmet need of \$160,126 through fiscal year-end.

## **Public Economic Assistance**

The Community Services Agency budget includes costs for aid programs including cash aid, Medi-Cal, and CalFresh food stamp programs. The Department has identified a critical unmet need projected to be \$1.9 million based on caseload and grant projections within the Public Economic Assistance budget. This budget includes programs such as Temporary Assistance for Needy Families (TANF), CalWORKS, Aid to Families with Dependent Children (AFDC) and more.

## **Public Safety Realignment**

On June 30, 2011, Governor Brown signed Assembly Bill 117, which made statutory changes necessary to implement the public safety realignment portions of the Budget Act of 2011 as contained in Assembly Bill 109. It is anticipated that realignment funding for Stanislaus County in the 2011-2012 Fiscal Year will be approximately \$6 million. This funding will be used by multiple County departments to mitigate the impacts of the realigned population of lower level offenders, adult parolees and juvenile offenders from State to local jurisdictions. There is a local Community Corrections Partnership Board that will guide the County toward a plan to integrate the new populations, maximize public safety and use taxpayer dollars in the most efficient way.

## **Indigent Health Care Program**

At the current level of funding, the Health Services Agency will be challenged to maintain its current level of services to qualified Medically Indigent Adults (MIA) and meet the County's mandated Welfare and Institutions (W&I) Code, Section 17000 requirements. MIA services are mandated regardless of funding levels. The Department faces a potential exposure of \$2.9 million in the MIA program due to increased enrollment and changes to patient share of cost at time of service. Clinic and other savings will be identified prior to any additional General Fund support.

## **Retirement and 5% Salary Deduction**

The County employee pension program, administered by Stanislaus County Employees Retirement Association (StanCERA), continues to be a significant financial exposure. StanCERA had strong earnings in Fiscal Year 2010-2011 but retirement rates are still projected to increase by \$3.5 million for the General Fund and \$8.2 million for All Funds in Budget Year 2012-2013. The County received a \$12.6 million mitigation from StanCERA in Fiscal Year 2011-2012; however, non-vested reserves have been exhausted and continued employer rate mitigation is no longer feasible. While, the 5% salary deduction has been effective in curtailing salary expenses, this program ends June 30, 2012. The combination of ending the retirement mitigation and the 5% salary deduction is projected to cost the General Fund \$9.9 million and All Funds \$26 million.

## **Redevelopment**

State legislation passed changing the existence of traditional redevelopment agencies and replacing them with successor agencies under new parameters and limitations. The Stanislaus County Redevelopment Agency will be considering viable options in the upcoming months. The California Supreme Court has issued a temporary stay and agreed to hear the case brought forward by redevelopment agencies with a ruling expected by January 15, 2012.

## **Workforce Investment Act**

Workforce Investment Act (WIA) funding experienced a significant reduction based on recent actions by Congress. In Fiscal Year 2011-2012, there was a 9.4% or \$717,221 reduction in the base allocation for the traditional Adult, Youth, Dislocated Worker and Rapid Response employment and training programs. The trend of a reduced base allocation is expected to continue in future years.

## **Labor Relations**

Stanislaus County's contracts with its twelve labor organizations all expire on July 1, 2012. Communication with the County's labor representation will include a discussion of wages and benefits in the light of the structural financial deficit of the County.

## **General Fund Structural Deficit**

The County General Fund continues to be stressed as a result of the economic downturn. The projected structural deficit for Fiscal Year 2012-2013 is \$17.4 million after the use of \$9.2 million in Teeter reserves. Leadership continues to meet and implement strategies to address the deficit. The General Fund is closely tied to property and sales taxes. Fiscal Year 2011-2012 represents the fourth straight year of assessment roll declines.

## **Health Insurance**

The County is currently in negotiations with all labor organizations to establish a new agreement for health insurance benefits to be effective January 1, 2012. Negotiations have focused on developing solutions to address ongoing cost increases in health insurance programs. The County is working on developing and implementing a self-insured health plan model based on an Exclusive Provider Organization (EPO) structure. The new structure will allow the County greater opportunity to improve quality of care while better controlling costs.

## **Deferred Maintenance**

The County is facing several deferred maintenance projects, many of which will need to be funded by the General Fund. Projects include repair or replacement of Heating, Ventilation and Air Conditioning (HVAC) systems, chiller systems, boiler systems and roof repairs or replacement. Major maintenance projects can run into the millions of dollars and these will be assessed during the coming year.

## **CONCLUSION**

Stanislaus County continues to maintain a commitment to its customers even in the midst of great challenge. Leadership has placed significant emphasis on the provision of core services in order to maximize the limited discretionary funds of the organization. County administration and management alike are making significant efforts to preserve these services even in the face of the national economic crisis. Ongoing multi-year planning continues to create a direction for the future of the organization, and County departments have been empowered to find new and creative ways to cut costs while maintaining or improving service levels.

## **NEXT STEPS**

The Stanislaus County Board of Supervisors approved the Recommended Final Budget Addendum on September 13, 2011. The Adopted Final Budget Addendum and the Adopted Proposed Budget have been incorporated into one full budget document, the Adopted Final Budget for Fiscal Year 2011-2012. Given the uncertainty of the State's budget crisis and instability of the economy, it is likely that additional changes will be needed later into the current fiscal year. This will be addressed as appropriate through the quarterly financial reporting on the budget or through separate agenda items to the Board, as needed.

The County's budget can be found on the County's web <http://www.stancounty.com/budget>.

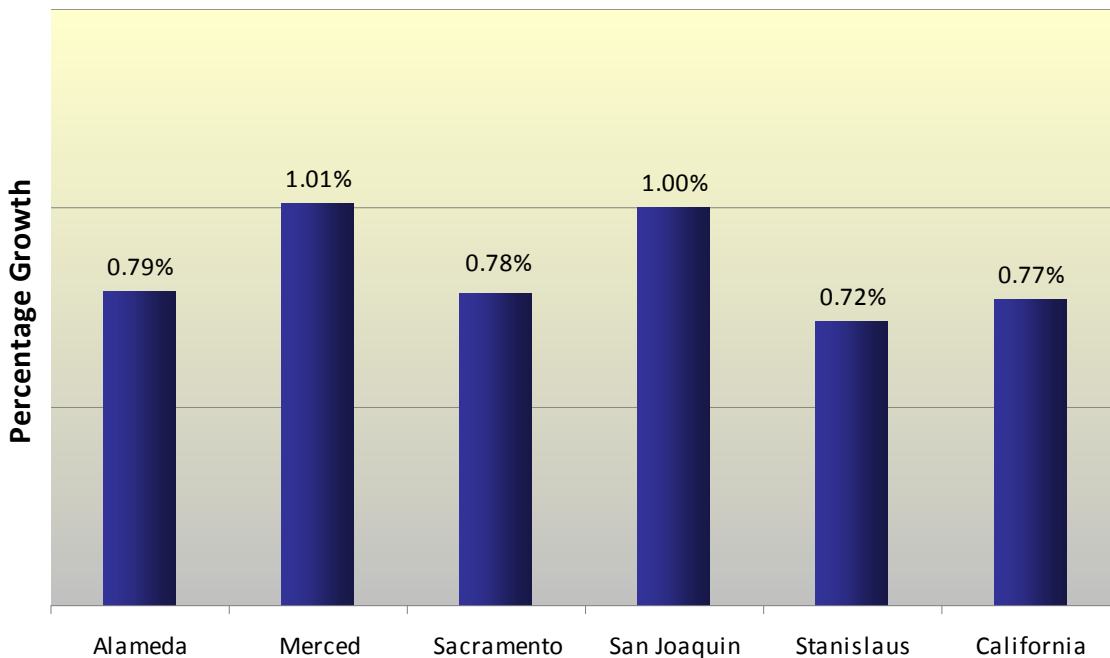
# COMMUNITY PROFILE

Stanislaus County is located in Central California. With over 517,000 people calling this area home, its communities reflect a region rich in diversity and a strong sense of community. Stanislaus County is within 90 minutes of the San Francisco Bay Area, the Silicon Valley, Sacramento, the Sierra Mountains and California's Central Coast. It is also within a five-hour drive to Los Angeles. Two of California's north-south routes intersect the area: Interstate 5 and Highway 99. The mild Mediterranean climate, rich soils, and ample water make this County one of the best agricultural areas in the world, positioning it as a global center for agribusiness. Established in 1854, its total land area is 1,494 square miles. Temperatures range from an average low of 38 degrees Fahrenheit in the winter, to an average high of 85 degrees Fahrenheit during the spring and fall, and to an average high in the 90's during the summer months.

## COUNTY POPULATION

Stanislaus County has experienced 15% growth between 2000 and 2010. While the growth trend has slowed over the past several years during the economic downturn, it is expected the trend will begin to increase as the economy improves. Dealing with growth represents an ongoing challenge for our area. Water, job availability, affordable housing, farmland preservation, air quality, transportation and school capacity are all infrastructure elements tied to growth issues.

## Population Growth 2009 - 2010



## **COUNTY POPULATION BY CITY**

Within Stanislaus County, there are nine incorporated cities: Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford. Additionally, there are 13 unincorporated communities within the County. Based on State Department of Finance data, from 2009 to 2010, the County's population increased nearly 1%. All cities grew at nearly the same rate.

### **Population by City**

<b>City</b>	<b>Jan. 2006</b>	<b>Jan. 2007</b>	<b>Jan. 2008</b>	<b>Jan. 2009</b>	<b>Jan. 2010</b>
Ceres	40,868	41,787	42,813	42,998	43,219
Hughson	6,112	6,054	6,187	6,193	6,240
Modesto	207,738	208,150	209,936	210,088	211,536
Newman	10,120	10,254	10,586	10,739	10,824
Oakdale	17,824	18,538	19,337	19,608	19,854
Patterson	19,231	20,773	21,229	21,168	21,251
Riverbank	21,176	21,384	21,757	21,805	22,201
Turlock	67,757	68,984	70,158	70,256	71,181
Waterford	8,201	8,547	8,763	8,816	8,860
Unincorporated	114,414	114,467	115,137	114,712	115,418
<b>County Total</b>	<b>513,441</b>	<b>518,938</b>	<b>525,903</b>	<b>526,383</b>	<b>530,584</b>

Source is California Department of Finance

\*\* City numbers have not been adjusted for 2010 US Census.

## **ECONOMY**

Manufacturing continues to be an important employer sector in Stanislaus County. The top ten employers within the manufacturing industry are listed in the following chart.

### **Major Manufacturing Employers - 2010**

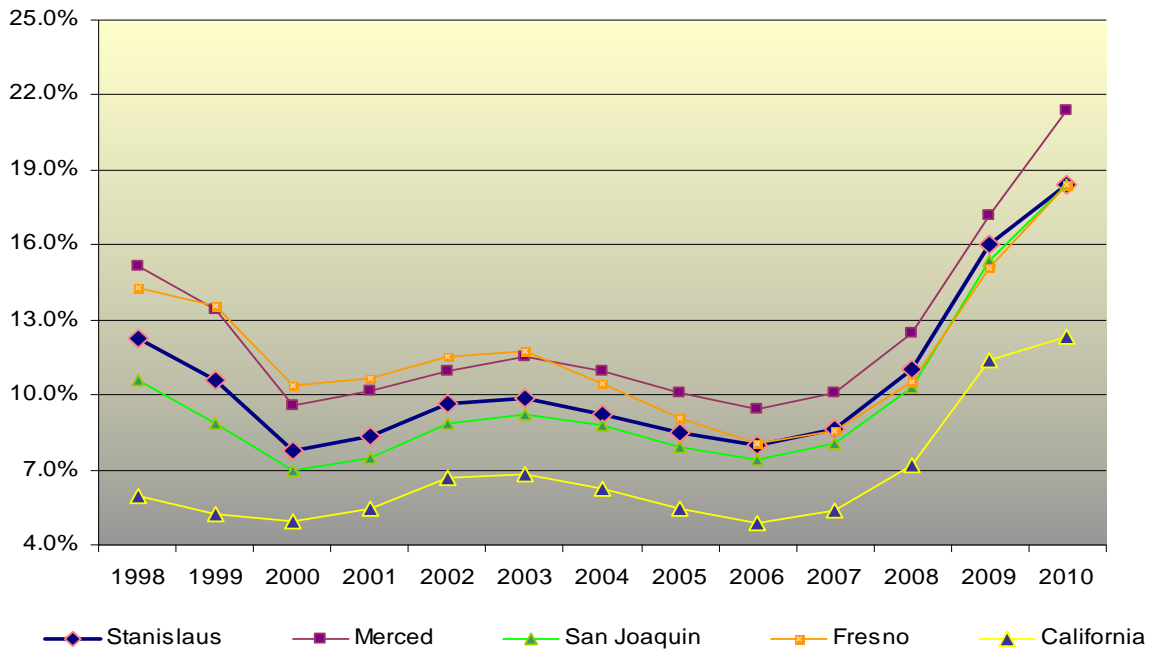
<b>Employer</b>	<b>Description</b>	<b>Employees*</b>
E&J Gallo Winery	Winery	3,181
Seneca Foods	Fruit Products	2,100
Del Monte Foods	Fruit Products	1,700
Foster Farms	Poultry Processor	1,632
Stanislaus Food Products	Fruit & Vegetable Processor	1,500
ConAgra	Food Processing	1,200
Frito-lay	Snack Food Products	684
Racor	Filtration Products	680
Foster Farms Dairy	Dairy Products	644
Patterson Vegetable Company	Frozen Food Products	600

\* Reflects peak seasonal levels where applicable.

## **UNEMPLOYMENT RATE COMPARISON**

The County's unemployment rate rose to 18.4% for March 2010. The County has now endured multiple years of some of the highest unemployment rates in the nation, with parts of Stanislaus experiencing greater than 40% unemployment rates. High unemployment rates place a greater strain on local resources, even as government budgets are reduced.

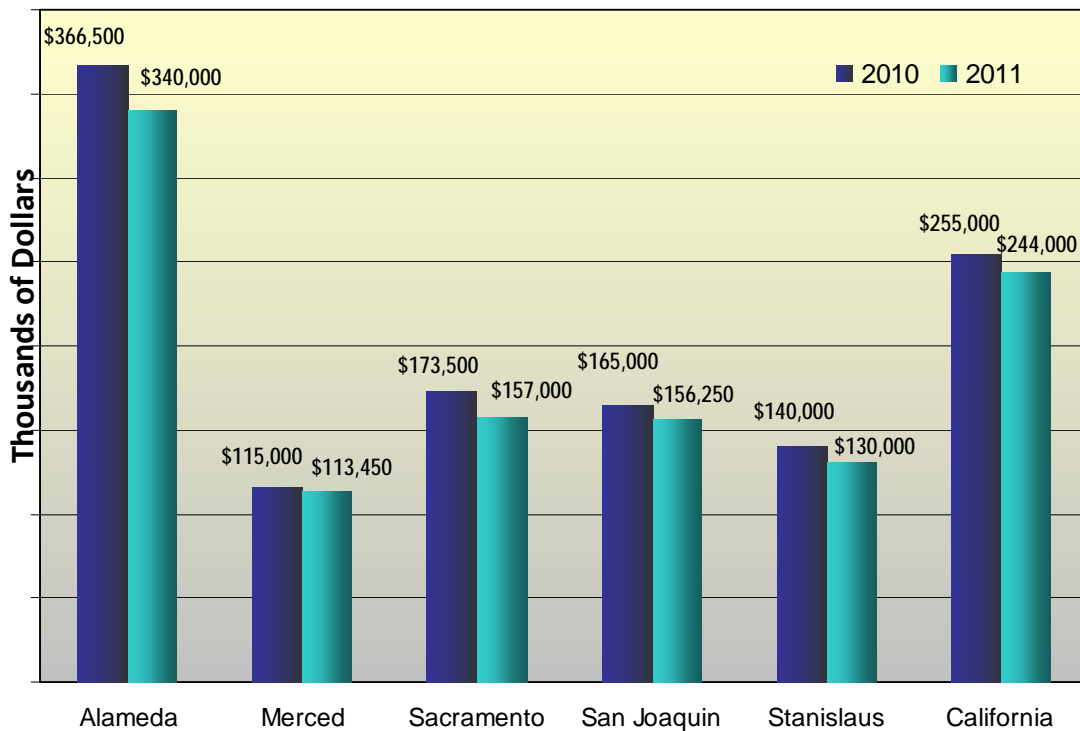
## Unemployment Rate Comparison



### HOUSING

Home values continued to decline during 2010 as the median home price for Stanislaus County reached \$130,000, down from \$140,000 in 2009. The sharp decline in home values has significantly impacted property taxes, a key component of County discretionary income.

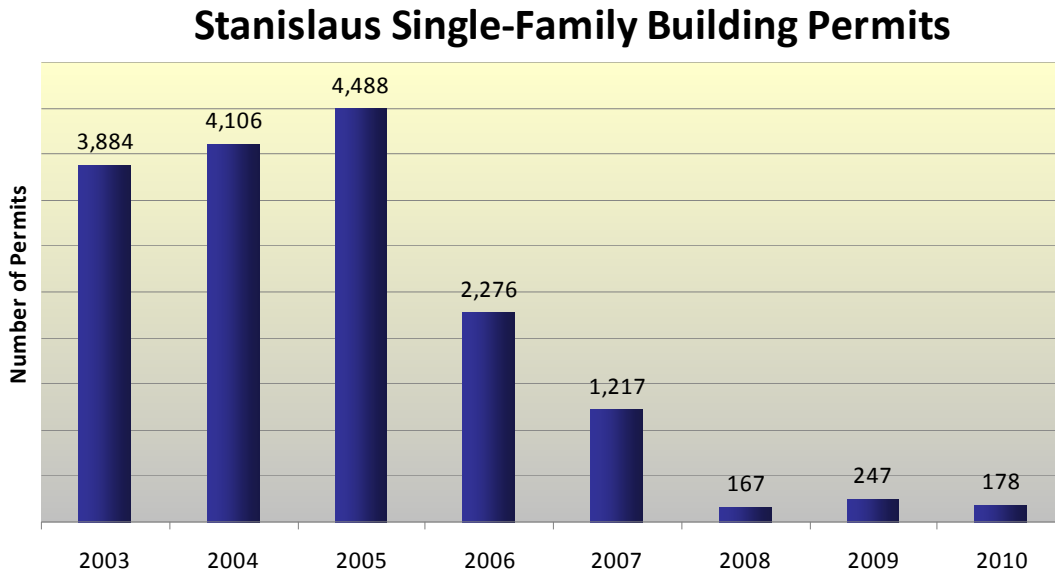
## Median Home Prices by County



Source: DQNews

## **SINGLE-FAMILY BUILDING PERMITS**

One of the strongest indicators of the construction slowdown is building permit activity. After reaching a high in 2005, the number of single-family building permits dropped from 4,488 in 2005 to only 178 in 2010 for a decline of 96%. Although it is generally agreed that the new home construction industry has bottomed, experts disagree as to the timing of a rebound.



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### **Sources:**

Alliance Business Research Center at: [www.stanalliance.com](http://www.stanalliance.com)  
California Department of Finance Forecast  
California Employment Development Department  
DQ News