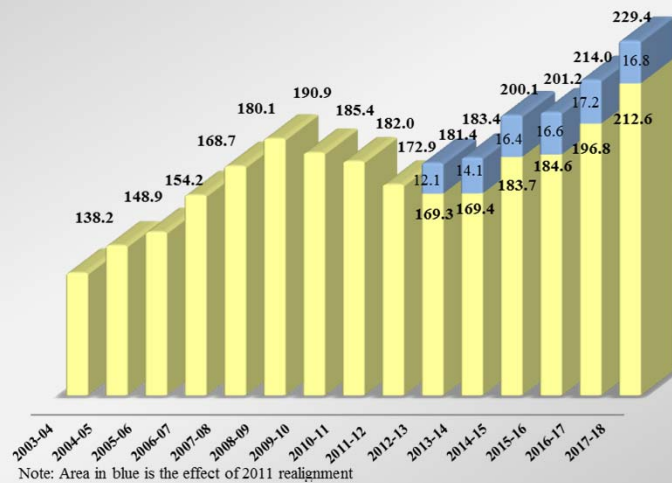


Nevada County 2017-18 Proposed Budget

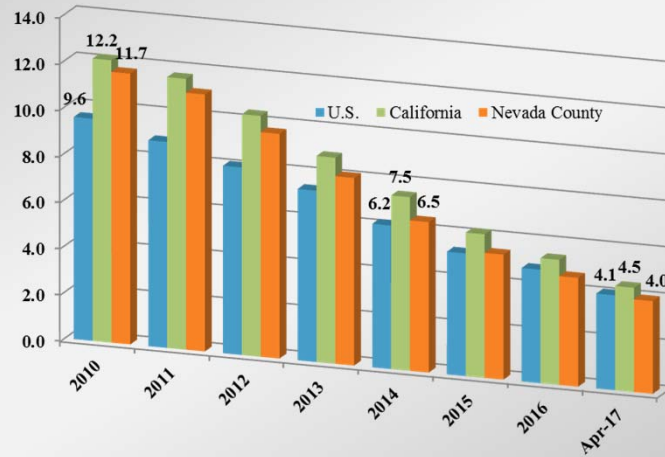
Richard A. Haffey,
County Executive Officer



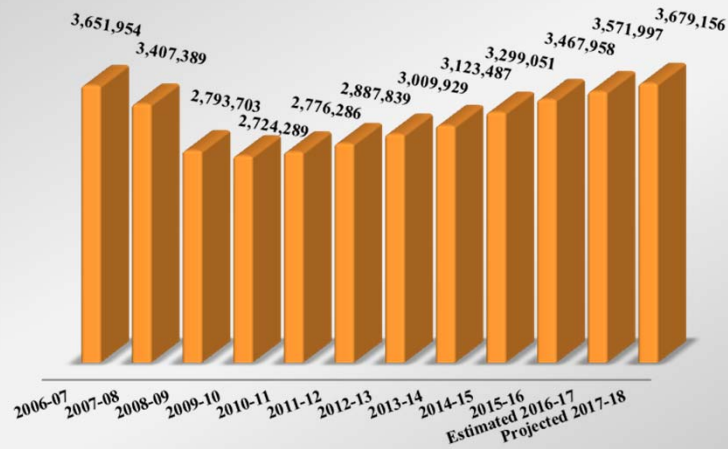
Total County Budget: (in millions)



Unemployment Rates:



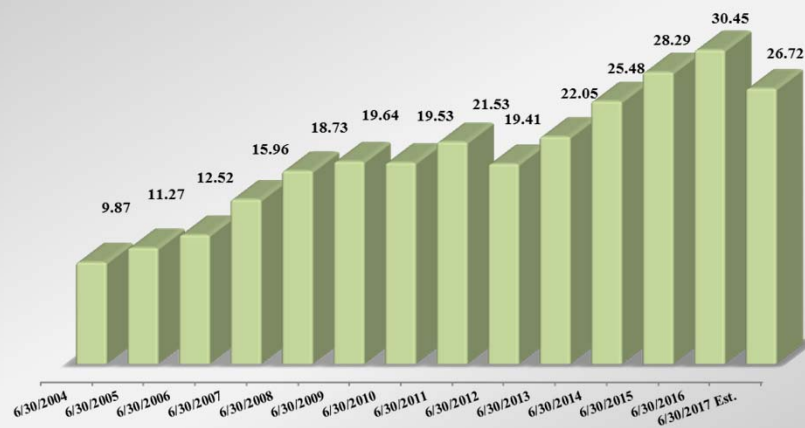
Sales Tax Trends



Property Tax Growth Rate



General Fund Balance:

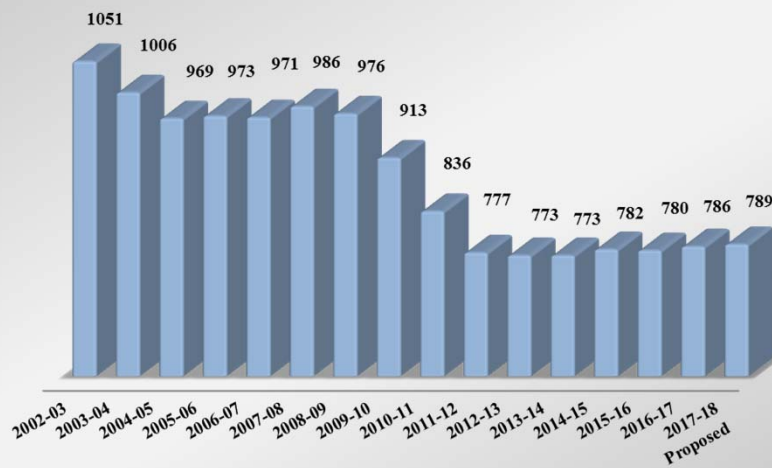


Total Cost of County Pensions



Data through 2017/18 from CalPERS actuarial reports

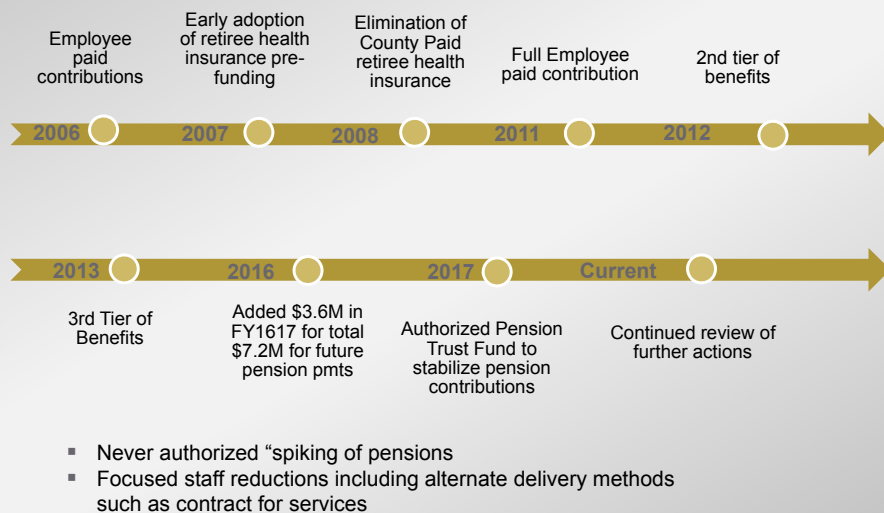
County Staffing



Challenges on the Horizon:

- **Pension Costs**
- **State Budget & Realignment**
- **Tepid Economic Recovery**
- **Next Recession (2019?)**
- **Capital Facilities**
 - **Energy Conservation/Generation Project** (partial completion)
 - **Operations Center** (final planning phase)
 - **McCourtney Road Transfer Station Improvements** (planning phase)
 - **Jail Reconfiguration** (future consideration)

Public Pension Cost Control Policies:



2017-18 Budget Highlights

- **Budget Policies**
- **Development & Format**
- **Update How the Budget Gap Was Balanced**
- **Historical Perspective of This Budget vs. Prior Years (5 key budget trends)**
- **Fund Balances & Reserves**
- **Overview Revenue, Expenditures (and Pensions)**
- **State Budget Impacts**
- **Nevada County Preparations**

2017-18 Budget Policies

Fiscally Prudent

- Budgets must be balanced
- No Unfunded positions; vacancy review continues
- Reserves—use for one-time expenditures and emergencies
- High level of fiscal discipline required
- Changes in department space requirements will be reviewed and approved through budget process
- Non-profits—priority for on-time initiatives and collaboration

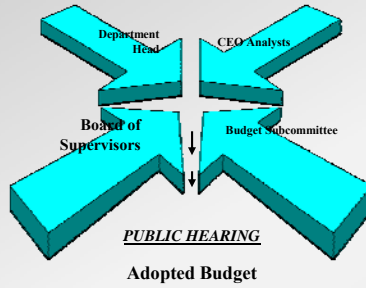
Maintain Service Levels

- Reorganization & Streamlining—continuous review for efficiencies
- Investment in Technology to support workforce
- Economic Development is a priority

Transparency

- Budget format and terminology standardized for public presentation

Budget Development



Collaboration

Transparency

County Budget Portal



1. Budget Calendar
2. County Goals & Objectives
3. Core Services Definition
4. Subcommittee Calendar
5. Proposed Budget for FY 2017-18
6. Budget Presentation FY 2017-18
7. Final Budget for FY 2017-18

Budget Format

PROBATION		Probation Summary			
Michael Enola, Chief Probation Officer		1616	1616	1616	1616
		Actual	Adopted	Estimated	Proposed
Revenue					
Fees, Fines, Penalties & Forfeitures		1,472	1,500	1,761	1,761
Fees, Penalties & Forfeitures		26,478	24,181	29,819	29,819
Fees, Penalties & Forfeitures		3,851,496	2,725,619	3,536,873	3,379,114
Fees, Penalties & Forfeitures		423,844	400,100	576,184	444,114
Miscellaneous Revenue		8,819	10,921	14,503	14,503
Other Financing Sources		3,710,317	3,761,989	1,474,454	1,484,454
General Fund Transfers		-	-	-	-
General Fund Allocation		3,062,047	3,440,972	3,427,022	4,212,022
Total Revenue		8,647,229	10,524,589	11,619,689	11,299,689
Expenses					
Salaries & Benefits		5,110,044	5,881,987	5,589,931	6,181,987
Services & Supplies		914,843	1,143,273	1,118,118	1,718,118
Other Charges		347,975	300,380	312,060	421,060
Overhead Cost Allocation (ART)		178,618	171,419	171,218	841,218
Capital Assets		27,861	-	-	-
Other Financing Uses		2,486,282	2,816,970	2,496,419	2,816,970
Unfunded Activity		(113,311)	(104,972)	(124,504)	(118,504)
Total Expenses		8,086,723	10,412,287	9,998,089	11,299,689
Fund Balance Added (Used)		5,660,506	1,112,302	1,621,600	0
Surplus		8,647,229	11,636,891	11,641,289	11,299,689
		8,647,229	11,636,891	11,641,289	11,299,689

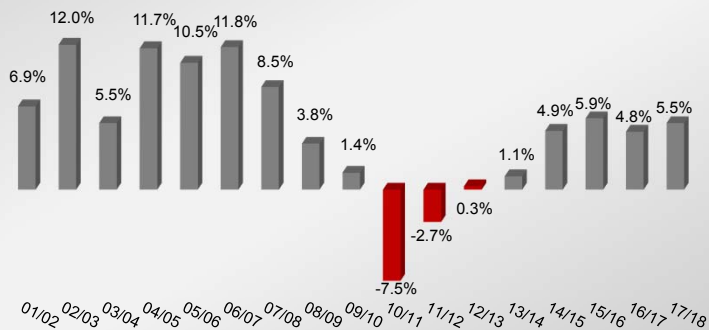
GENERAL FUND		FY 1617	FY 1618
		Proposed	Proposed
CORPORATE PERFORMANCE		1,117,146	697,278
CORRECTIONAL TRAINING		41,182	27,480
WARD WELFARE FUND		1,041	2,290
PROBATION ASSET FUND		2,274	14
RETURN TO WORK LOCAL TRUST		279,427	117,000
LAW ENFORCEMENT		1,781,182	1,784,012
YOUTH OFFENDER BLACK OPS		1,581,119	1,771,884
LAW ENFORCEMENT		401,381	219,240
Total		12,605,126	11,299,689

2017/18 Budget Gap (General Fund)

16/17 Use of Fund Balance Per Original Plan	(914,000)
Discretionary Revenue Estimate Changes	
Property Taxes Growth 5.5% to 16/17 Estimates	1,805,000
Penalties & Interest vs 16/17 Estimates	(187,000)
Property Transfer Taxes	235,000
Sales Tax Increased by 3%	245,000
Other Revenue Increases	341,000
	<u>2,439,000</u>
Operating Cost Changes	
Salary Changes	(2,266,000)
Retirement (Annual PERS + Other Post-Empl. Benefits)	(1,350,000)
Health Insurance	141,000
Workers Compensation and General Liability	99,000
Cost Plan (A87) Reimbursement	142,000
Potential Statutory Impacts	(285,000)
	<u>(3,519,000)</u>
17/18 Budget Gap	<u>(1,994,000)</u>

Historical Budget Trends

■ Property Tax Growth Rate Moderate



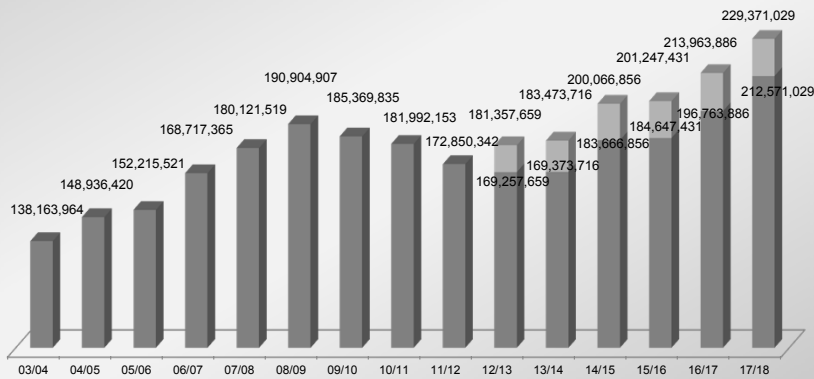
Historical Budget Trends

■ Sales Tax Revenue \$millions



Historical Budget Trends

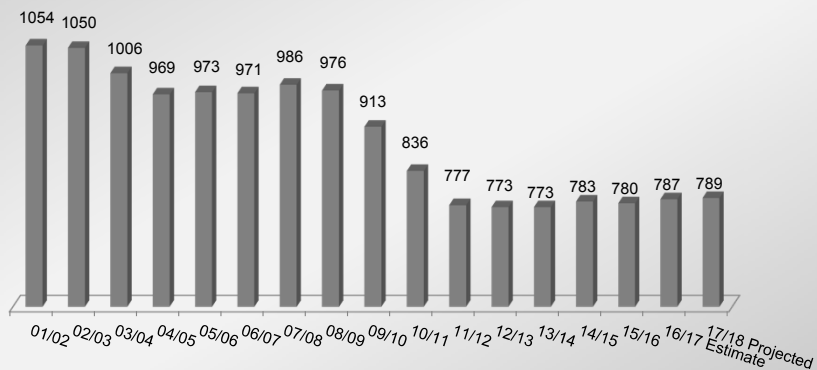
■ Total County Budget



Note: Area in light grey is the effect of 2011 Realignment

Historical Budget Trends

■ Staffing



Nevada County Fund Balance Policy

- Sustainable Level of Core Services
- Ratings
- GASB 54
- Assignments for:
 - One-Time Emergencies and Economic Uncertainty
 - Planned Expenditures
- Major Funds (non-General Fund)
- Replenishment

General Fund Balance

	Actual 6/30/2016 Balance	Adopted Changes FY 16/17	Projected Balance 6/30/17	Additional Changes FY 16/17	Reserve Re- Assignments	New Projected Balance 6/30/17
Restricted						
Public Safety	184		184			184
Public Safety Infrastructure	600		600			600
General Government						
Commitments						
General Purpose	7,080		7,080			7,080
Assignments						
State Realignment	325		325			325
COP Payments	100		100			100
Accumulated Leave Liability	1,650		1,650			1,650
Information Systems Infrastructure	1,657	250	1,907	(339)	50	1,618
Facilities Planning	5,450		5,450	(872)		4,578
Pension Contributions	7,187		7,187	(3,200)		3,987
Civil Litigation	120		120			120
General Plan Update Costs	750		750			750
Economic Development Infrastructure	609	136	745		61	806
	24,928	386	25,314	(4,411)	111	21,014
Miscellaneous Assigned	1,762		1,762	1,211	(45)	2,928
Unassigned - use for Economic uncertainties	2,974	(914)	2,060		(66)	1,994
	30,448	(528)	29,920	(3,200)	-	26,720

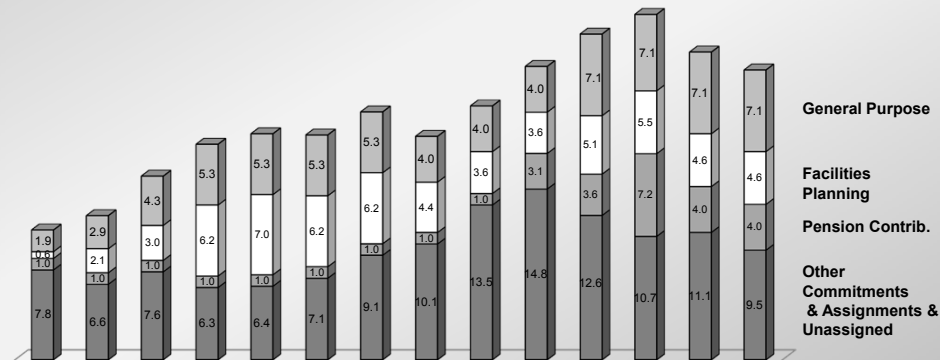
General Fund Balance

	New Projected Balance 6/30/17	Projected 2017-18 Budget Plan	Projected Balance 6/30/18	Planning Horizon IS & Facilities	Planning Horizon Fund Balance
Restricted					
Public Safety	184		184		184
Public Safety	600		600		600
General Government					
Commitments					
General Purpose	7,080		7,080		7,080
Assignments					
State Realignment	325		325		325
COP Payments	100		100		100
Accumulated Leave Liability	1,650		1,650		1,650
Information Systems Infrastructure	1,618	300	1,918	(562)	1,356
Facilities Planning	4,578		4,578	(264)	4,314
Pension Contributions	3,987		3,987		3,987
Civil Litigation	120		120		120
General Plan Update Costs	750		750		750
Economic Development Infrastructure	806	148	954		954
	21,014	448	21,462	(826)	20,636
Miscellaneous Assigned	2,928		2,928	(1,721)	1,207
Unassigned - use for Economic uncertainties	1,994	(1,994)	-		-
	26,720	(1,546)	25,174	(2,547)	22,627

Historical Budget Trends

■ General Fund Balance & Reserves

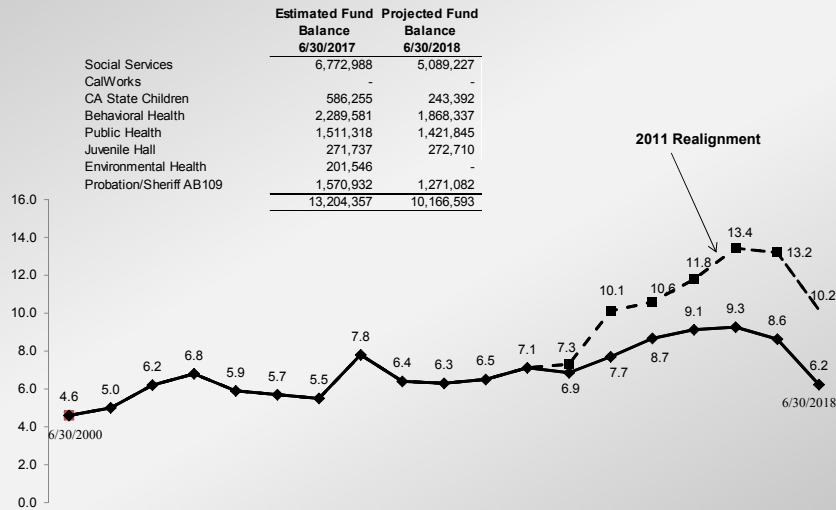
6/30/05 Actual	6/30/06 Actual	6/30/07 Actual	6/30/08 Actual	6/30/09 Actual	6/30/10 Actual	6/30/11 Actual	6/30/12 Actual	6/30/13 Actual	6/30/14 Actual	6/30/15 Actual	6/30/16 Actual	6/30/17 Est.	6/30/17 Proj.
11,277	12,527	15,957	18,727	19,637	19,535	21,532	19,412	22,049	25,484	28,288	30,448	26,720	25,174



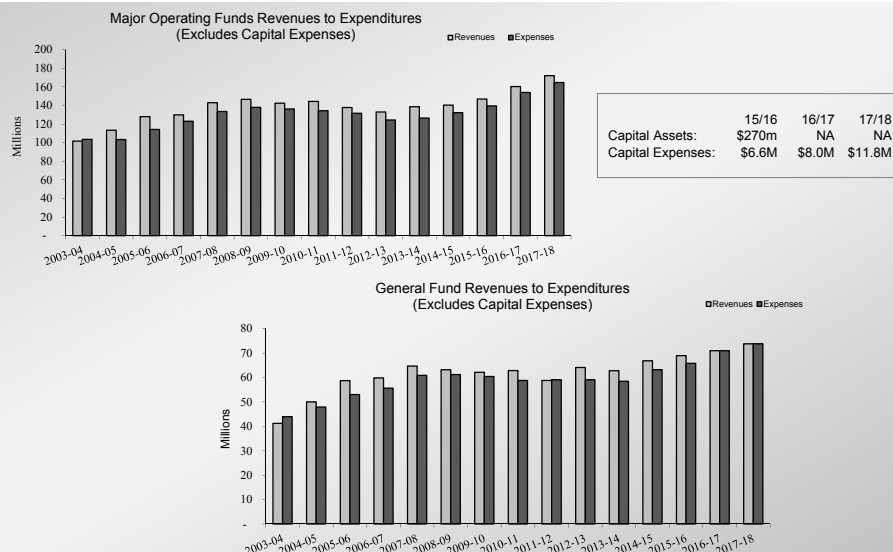
Other Operating Funds 2017-2018

	Revenue	Expense	Variance	Fund Balance June 30, 2018
Roads	16,426,770	18,141,636	(1,714,866)	2,374,689
CDA	7,374,853	7,817,779	(442,926)	3,550,509
Transit	5,033,918	5,033,918	-	(283,325)
Library	3,628,591	3,628,591	-	1,412,130
Airport	2,230,103	2,288,949	(58,846)	211,554
Hlth & Human Services Agency	61,850,479	61,565,835	284,644	3,712,800

Realignment Fund balances



Revenues to Expenditures



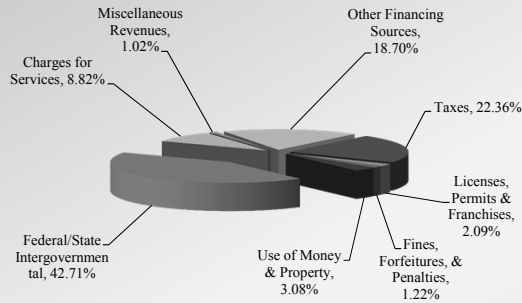
Roads Fund Stabilization

- Reviewed with Board of Supervisors at January 25, 2017 Workshop
- In 1996/97 The Board adopted a framework for implementing stable funding; resolutions 96-472 & 97-026
- Changes to state law created conflict with resolutions
- Funding continues to be unstable
- Goal: predictability and stability for roads funds to meet intent of Measure F
- June 20, 2017 recommended resolution with annual General Fund allocation; rescind previous resolutions

2016-17 Budget Highlights

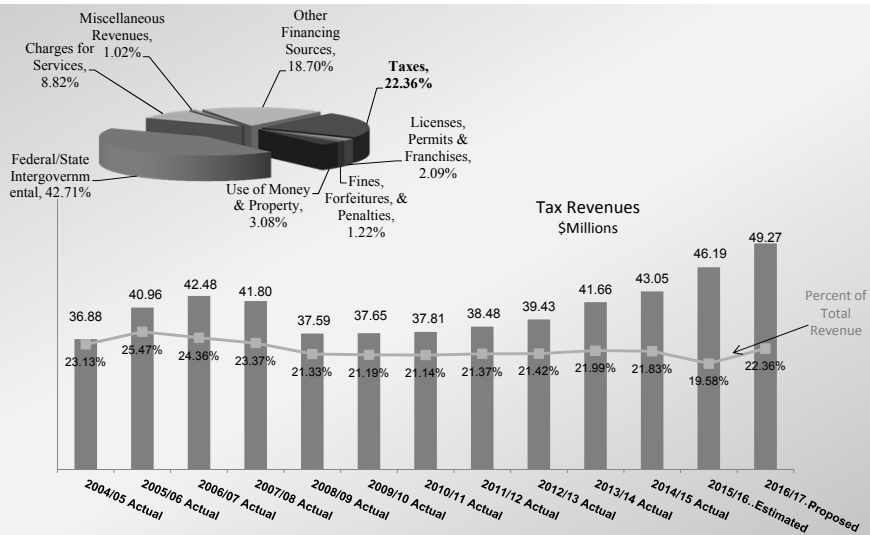
- Budget Policies
- Development & Format
- Update How the Budget Gap Was Balanced
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Revenues – Total County Budget



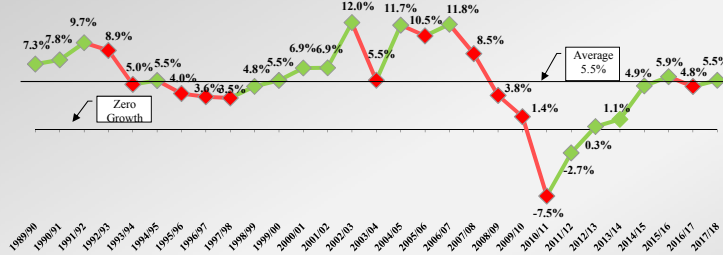
Revenues	16/17 Adopted	17/18 Proposed
Taxes	46,049,002	49,272,466
Licenses, Permits & Franchises	4,253,112	4,599,881
Fines, Forfeitures, & Penalties	3,005,762	2,694,082
Use of Money & Property	5,369,399	6,781,119
Federal/State Intergovernmental	91,623,660	94,105,003
Charges for Services	18,265,887	19,431,779
Miscellaneous Revenues	2,231,752	2,241,027
Other Financing Sources	38,810,760	41,188,141
Total Revenues	209,609,334	220,313,498

History of Revenues by Source – Tax Revenues



Property Tax Projections

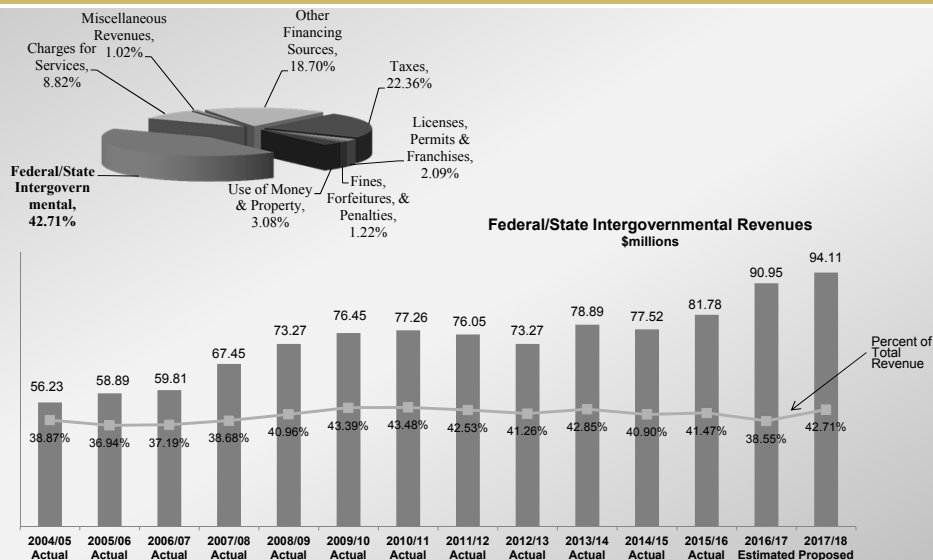
Property Tax Growth Rate



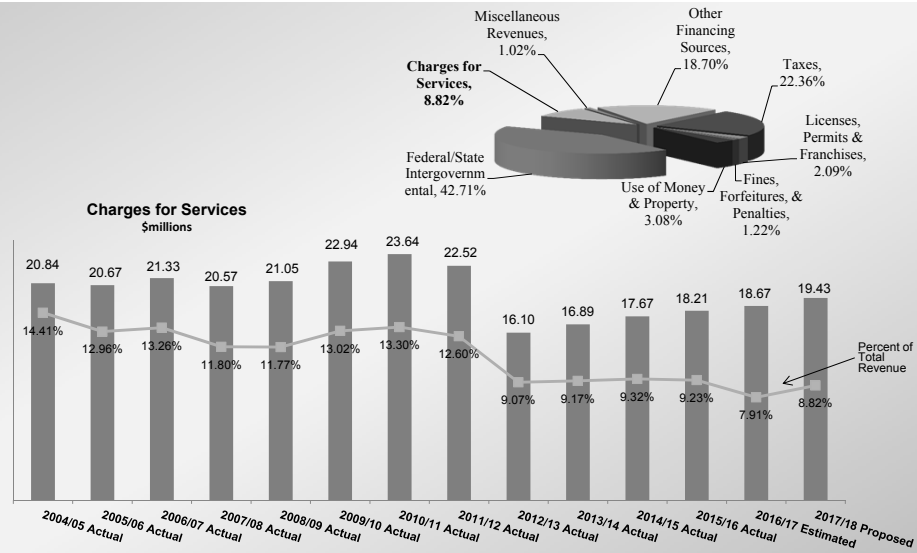
Transfer Taxes



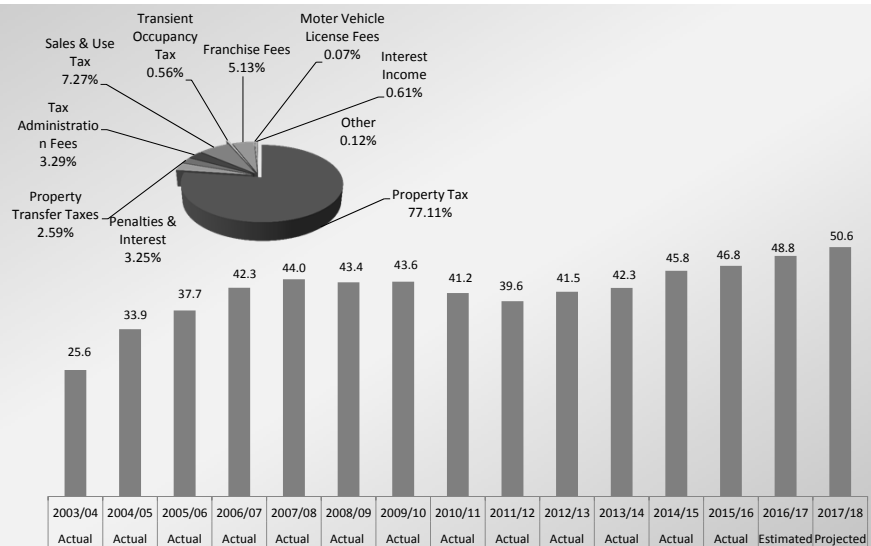
History of Revenues by Source – Fed/State Intergovernmental Revenues



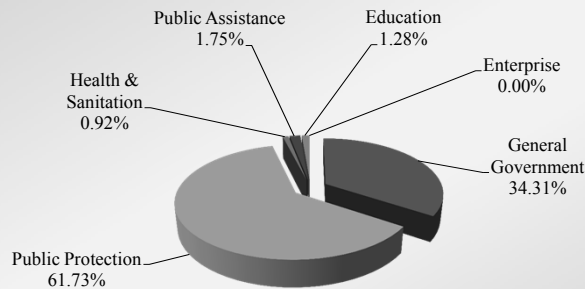
History of Revenues by Source — Charges for Services



Total General Fund Discretionary Revenue



Uses of Discretionary Revenue



Public Protection Includes:

Sheriff, District Attorney, Probation, Juvenile Hall, Conflict Indigent Defense
Ag Services, Planning, Code Compliance, Grand Jury

General Government Includes:

Clerk of the Board, CEOs Office, Assessor, Auditor-Controller, Treasurer Tax-Collector, Human Resources, County Counsel
Purchasing, Building and Debt Financing, Elections, Facilities, Information Systems

Discretionary Revenue — Interest Revenue Policy

Government Code directs interest to the General Fund

- Unless otherwise directed by Board of Supervisors or statutorily
- Nevada County—void of policy on where interest is booked

Goals and Intent

- Solvency and creditworthiness of local agencies
- Local goal is budget flexibility and stability
- Pension liability funding
- Plug gaps during a downturn

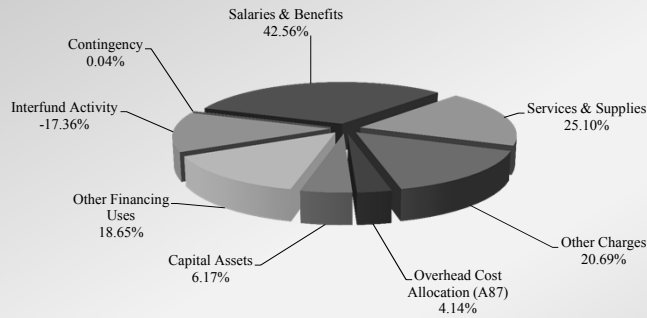
Significant impact to the General Fund

- Approximately \$228k in 15/16
- \$825k in high interest rate environment

Recommended Next Steps

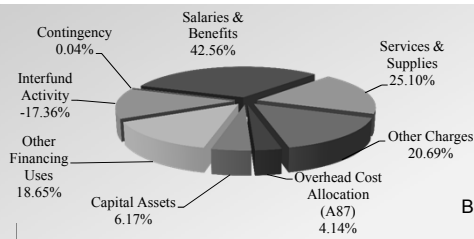
- Resolution for review and approval on June 20th
- Amendment in the Fall of 2017 with more detailed recommendations

Expenditures by Class

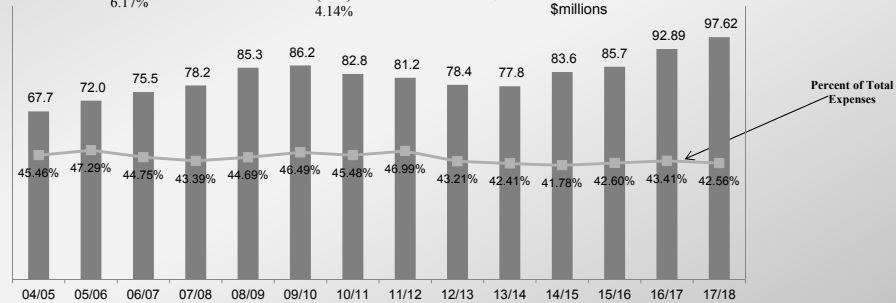


Expenses	16/17 Adopted	17/18 Proposed
Salaries & Benefits	92,886,466	97,619,220
Services & Supplies	54,148,677	57,581,618
Other Charges	46,792,010	47,464,408
Overhead Cost Allocation (A87)	8,005,442	9,491,766
Capital Assets	8,906,609	14,154,013
Other Financing Uses	39,798,010	42,770,449
Interfund Activity	(36,673,328)	(39,810,445)
Contingency	100,000	100,000
Total Expenses	213,963,886	229,371,029

Salaries and Benefits

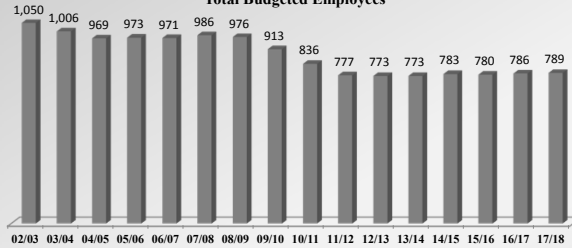


Budgeted Salaries & Benefits
\$millions



Staffing

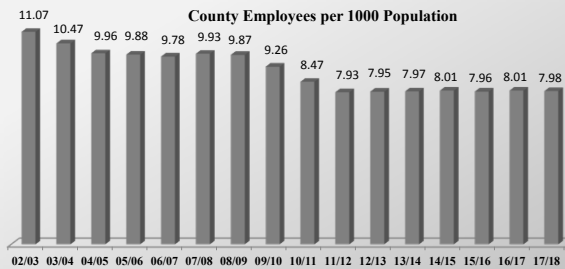
Total Budgeted Employees



**County Staff
/ 1000
Residents**

Nevada	8.0
Butte	10.9
El Dorado	10.3
Mendocino	15.9
Napa	10.3
Placer	6.4
Sutter	10.4
Tehama	13.9
Yuba	12.3

County Employees per 1000 Population



Based on 2016/17
Budgets Data

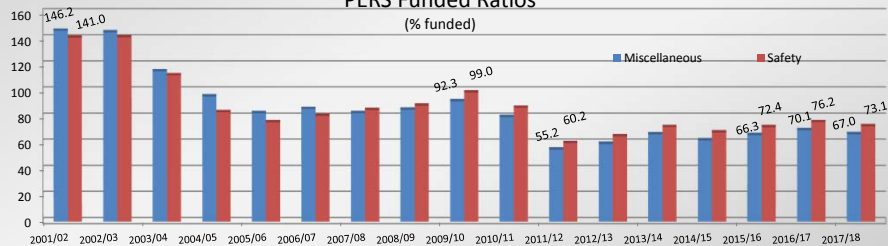
Pension & Retiree Health Promises

Nevada County Funded Ratios

- Misc 67.0% 284M Assets 139.8M UAL (30 Yrs)
- Safety Pool 73.1% 22.8M UAL (21 Yrs)
- OPEBS 36.0M UAL (23 Yrs)

PERS Funded Ratios

(% funded)



Nevada County ARC

- Misc: Rate Increasing 17/18 Rate Increase 0.7% of PR
- Safety: Rate Increasing 17/18 Rate Increase 5.6% of PR
- OPEB: Rate 6.6% vs. 6.6% prior year

Recent Developments prompt continued vigilance

6/30/15 Government Accounting Standards Board (GASB) Statement 68—pension gap shown on financial statements

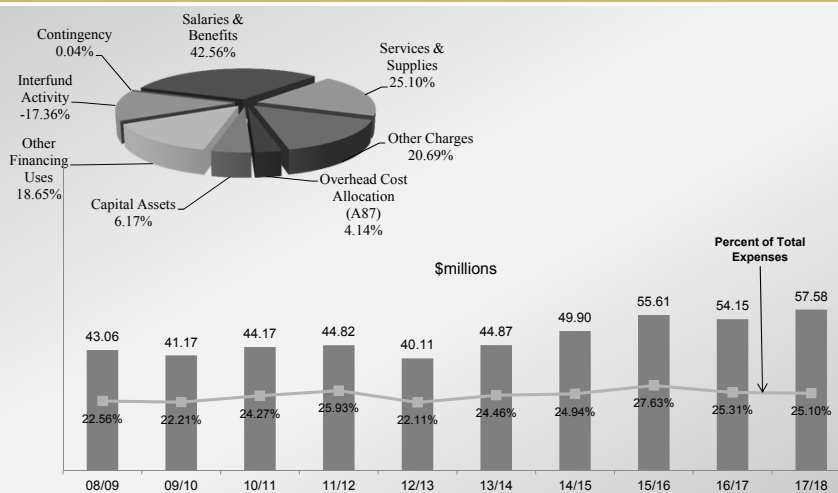
CalPERS Actions—widening of pension gap over next 5 years

- 15/16 and 16/17 CalPERS revised actuarial assumptions and recognized retirees are living longer
- December 2016 CalPERS Board voted to lower assumed investment return to 7.0% from 7.5%

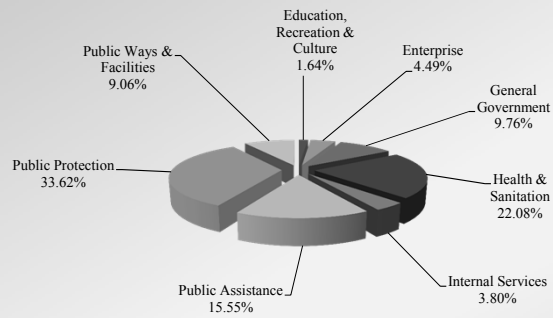
Increased CalPERS Annual Required Contributions as % of Payroll—double over next 5 years

Continued review for further actions

Services and Supplies

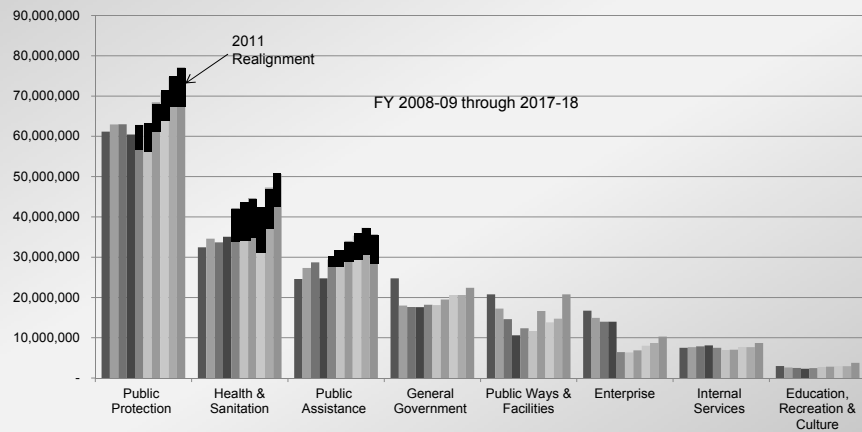


Expenditures by Function



General Government	22,397,382
Public Protection	77,115,319
Public Ways & Facilities	20,784,266
Health & Sanitation	50,638,982
Public Assistance	35,657,576
Education, Recreation & Culture	3,768,802
Enterprise	10,290,101
Internal Services	8,718,601
	229,371,029

Expenditures by Function



Capital Facilities & Infrastructure

- **Current Projects**
 - Energy Efficiency/Generation Project
 - Operations Center
 - McCourtney Road Transfer Station
 - Airport Improvements
- **Future Projects**
 - Jail Reconfiguration
 - Roads
 - Wastewater

State and Federal Budgets

- **State Budget**
- **Federal Budget**
- Other Threats**
 - Continued Realignment
 - State Budget Problems
 - The Next Economic Downturn

Nevada County Preparations

- Adhering to strict and prudent budget policies
- Controlling staffing levels & other costs
- Building Reserves in better economic times
- Using Reserves only for one time expenditures and emergencies

Nevada County 2017-18 Proposed Budget

Richard A. Haffey,
County Executive Officer

