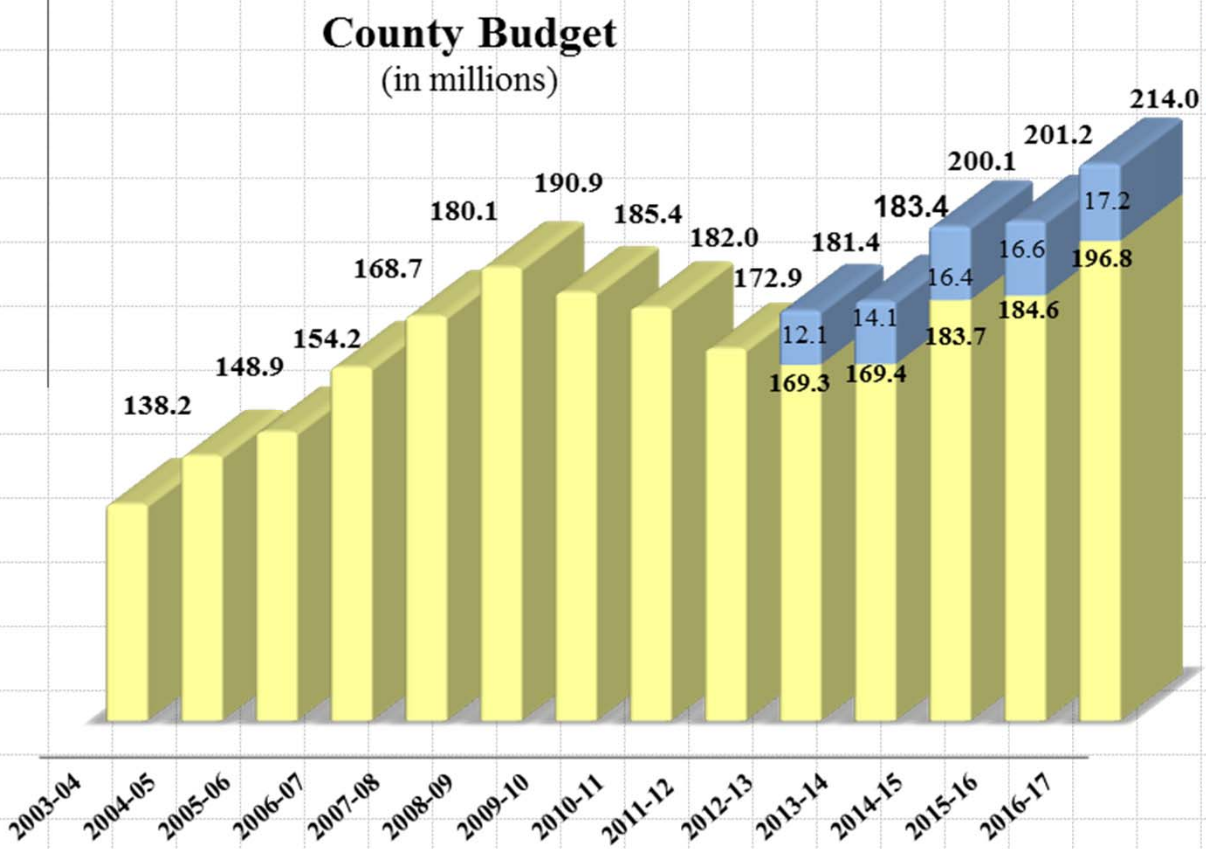
Nevada County 2016-17 Proposed Budget

Richard A. Haffey,

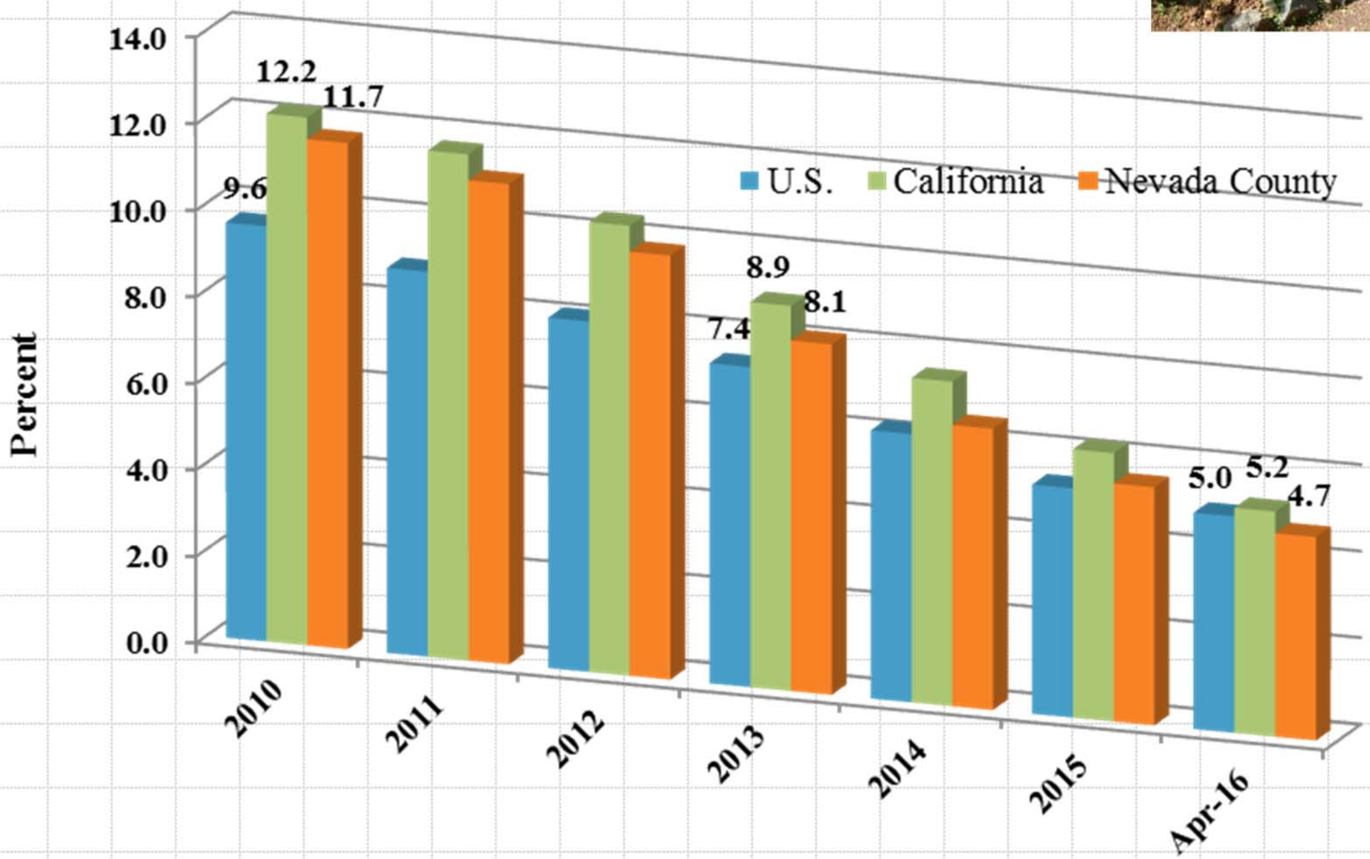
County Executive Officer

Total County Budget:
(in millions)

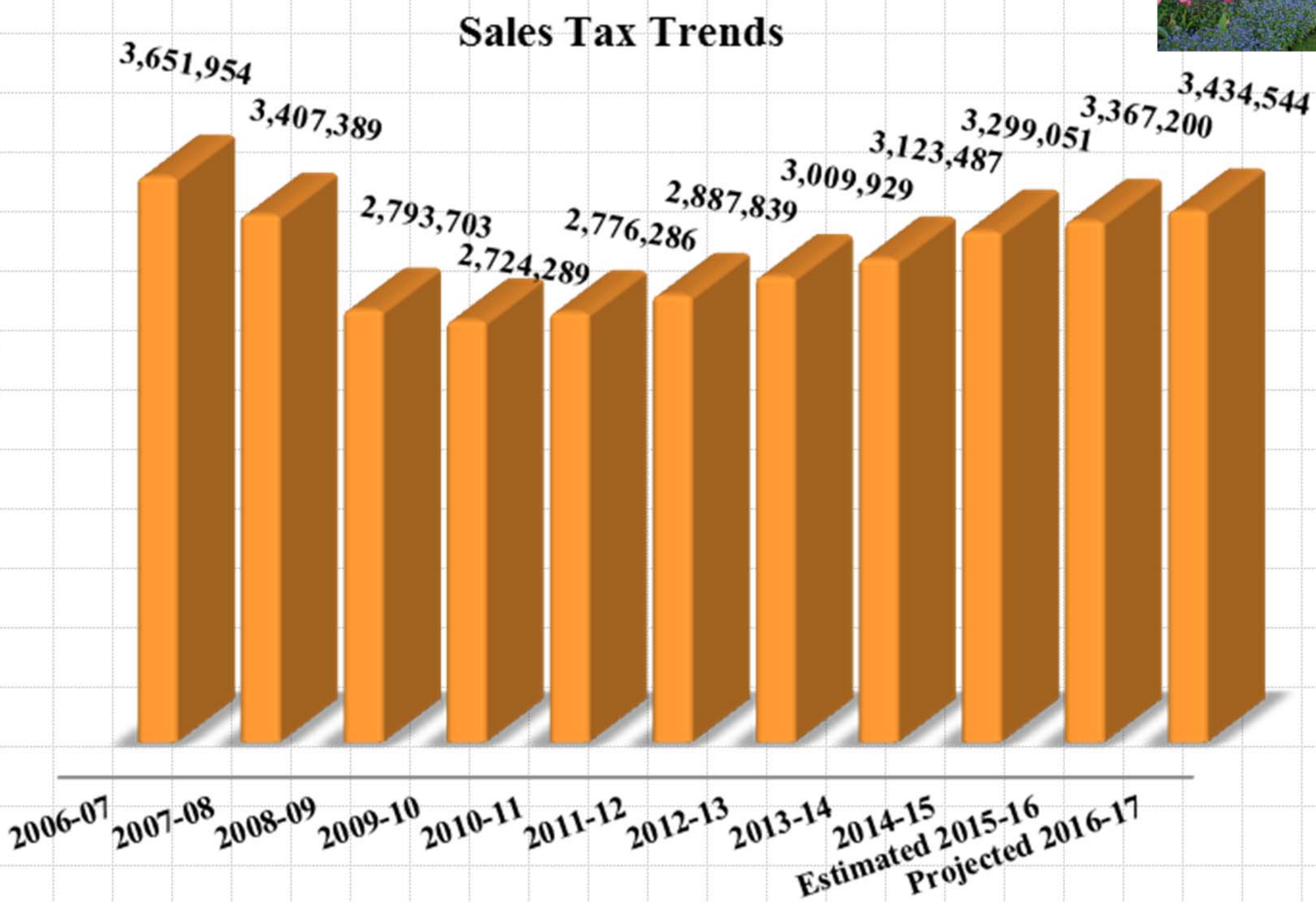


Note: Area in blue is the effect of 2011 realignment

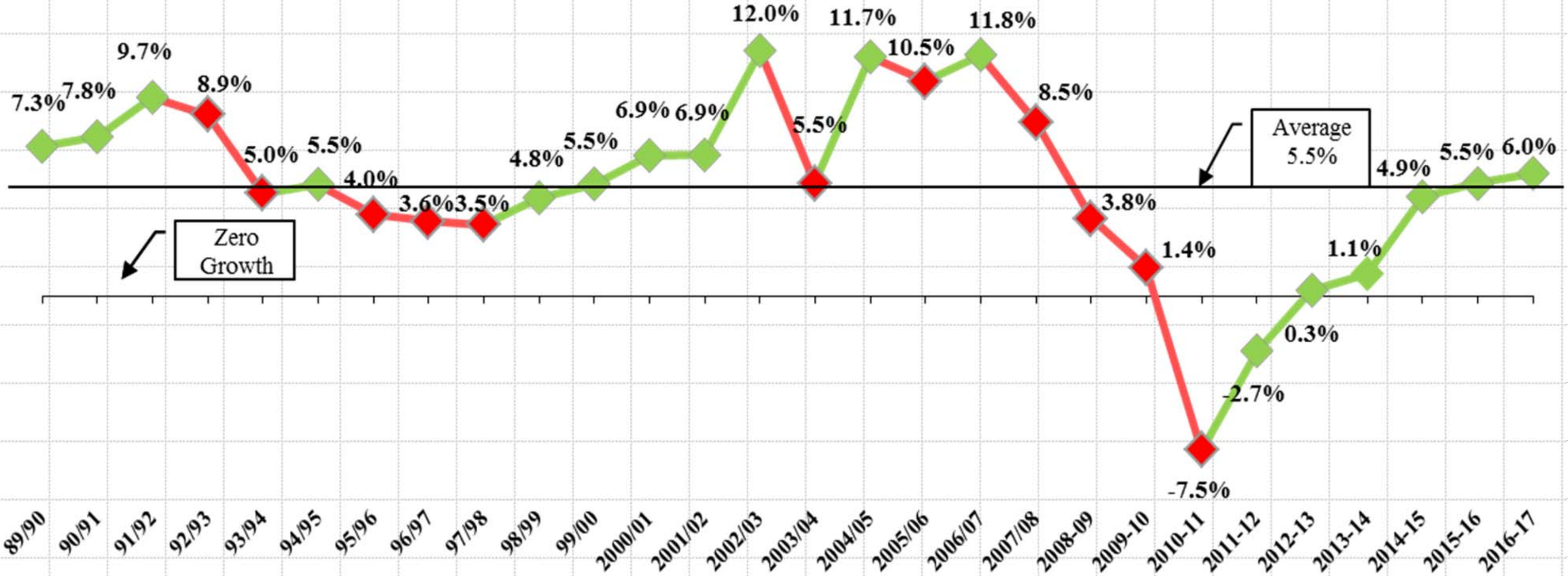
Unemployment Rates:



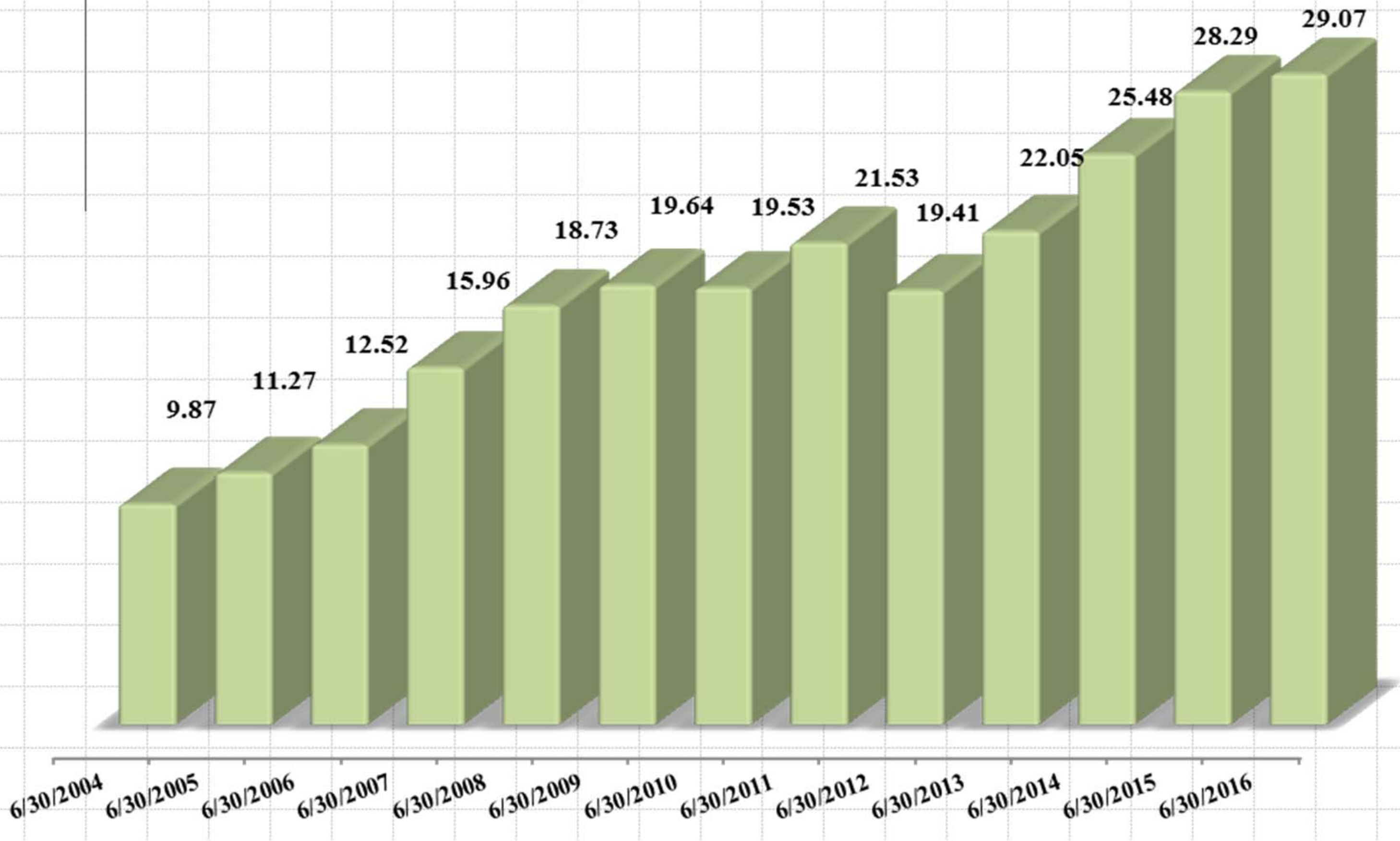
Sales Tax Trends



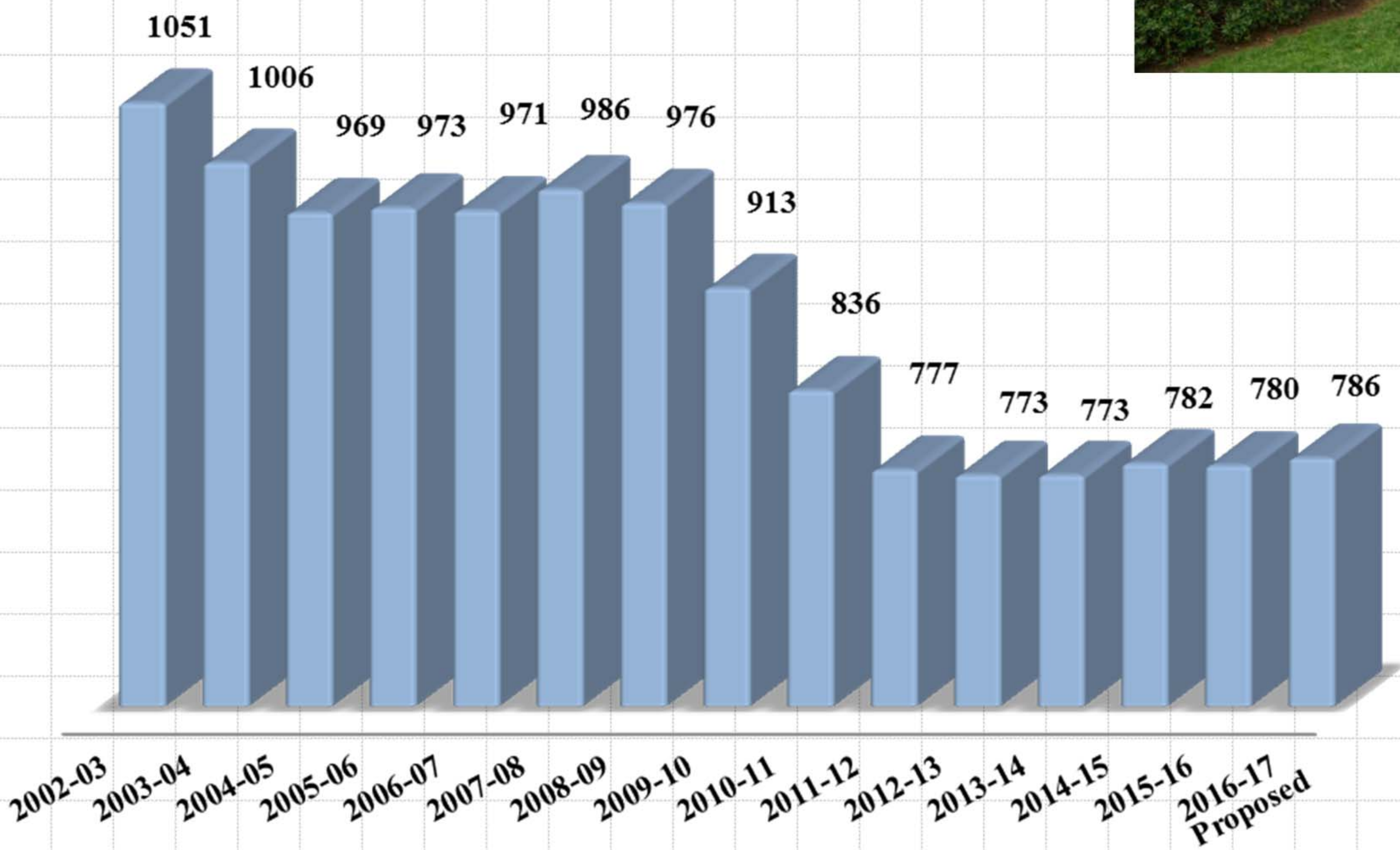
Property Tax Growth Rate



General Fund Balance:



County Staffing



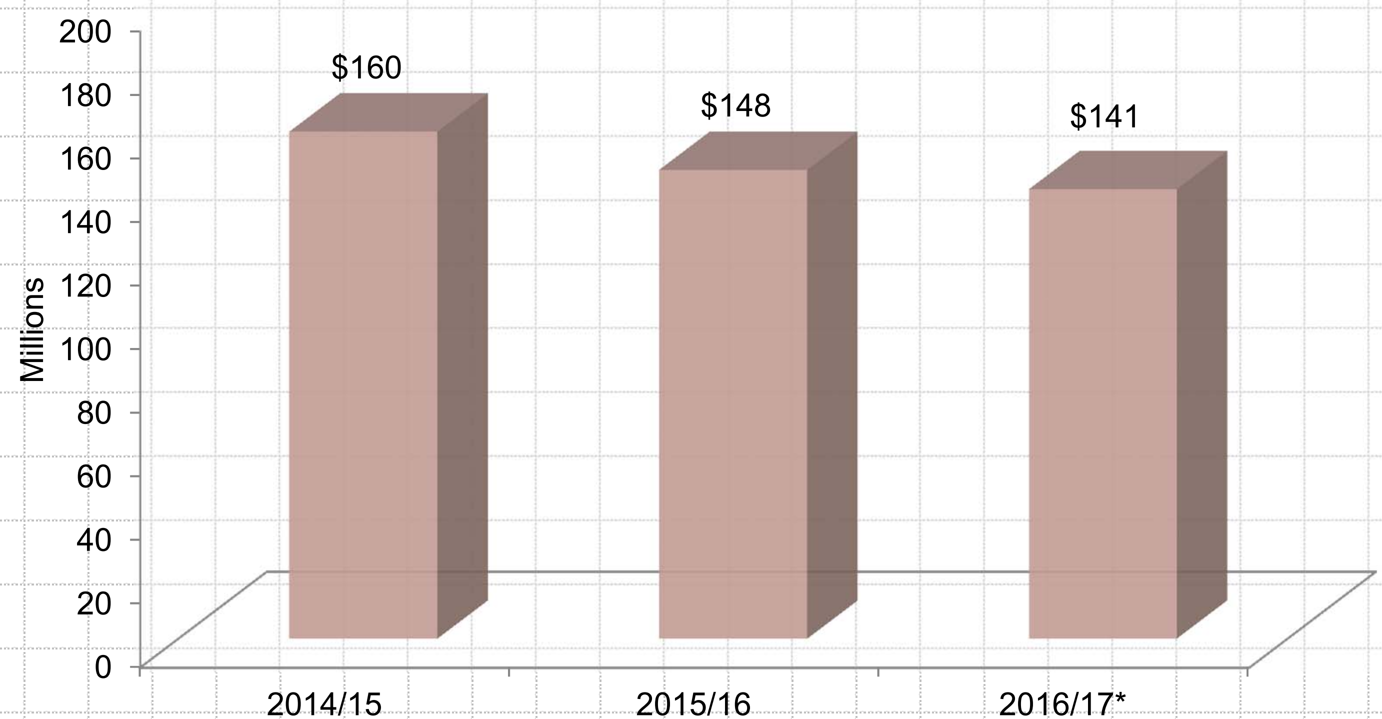
Challenges on the Horizon:

- Pension Costs
- Tepid Economic Recovery
- Next Recession (2019?)
- Capital Facilities
  - Operations Center
  - Energy Efficiency/Generation Project
  - Public Defender/Probation Space Consolidation
  - Ag Department Co-location/Integration

Challenges on the Horizon:

Pension Costs

Nevada County Unfunded Liability



*Unfunded liability is based on PERS Valuation which lags budget by 2 yrs.

Public Pension Cost Control:

- Added $3.6m in FY1617 for total of $7.2 million for future pension contribution shortfalls
- The Board has never authorized the “spiking” of pensions as has occurred in other local governments in the state
- Employee paid contributions for new retirement benefits in 2006
- Early adoption in 2007, by a full year, of retiree health insurance prefunding
- Elimination of County paid retiree health insurance for employees hired after 2008

Public Pension Cost Control:

- Full employee paid contributions for their pension benefits starting in 2011
- A lower tier of benefits for new safety employees (2011) and all other new employees (2012)
- A third lower tier for new hires effective January 1, 2013 per state law
- Focused staff reductions including alternate delivery methods such as contract for services.

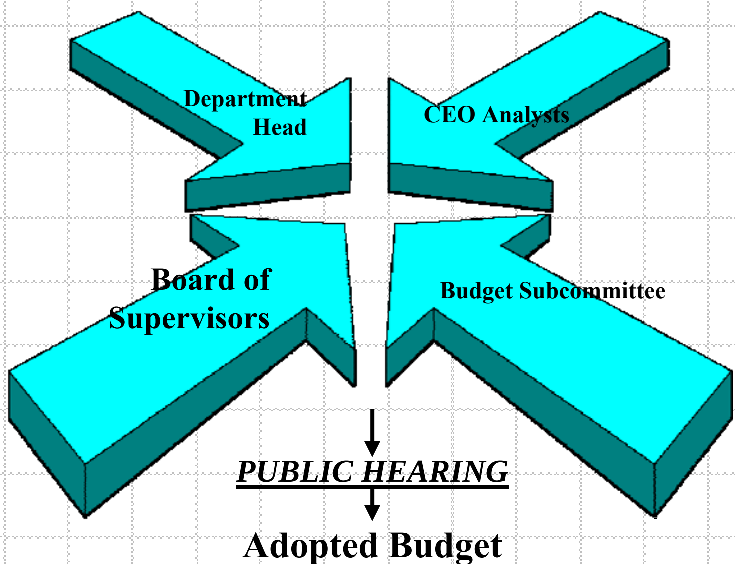
2016-17 Budget Highlights

- 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

2016-17 Budget Policies

- Maintain services levels
- Budget must be balanced
- No unfunded positions or new positions without stable funding, continued vacancy review, revenue contingent positions eliminated first if associated revenue declines.
- Reserves to be used for one-time expenditures or emergencies. One-time use for operations authorized.
- Non-Profits/Community Partners funding priority for one-time and collaborative initiatives. No loans except extraordinary events.
- Economic Development a priority; funding will not be adjusted downward based on discretionary revenues
- Investment in technology
- Standardized budget format for consistent presentation to public
- Required high level of fiscal discipline
- Apply space guidelines to new space and Improve county's capital assets

Budget Development



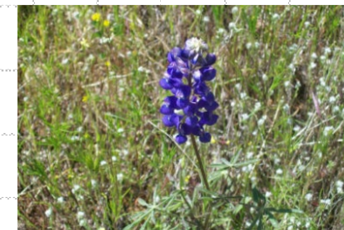
Collaboration

Transparency

County Budget Portal

1. Budget Calendar
2. County Goals & Objectives
3. Core Services Definition
4. Subcommittee Calendar
5. Proposed Budget for FY 2016-17
6. Budget Presentation FY 2016-17
7. Final Budget for FY 2016-17

Budget Format



PROBATION

Michael Ertola, Chief Probation Officer

- ☐ Probation (20320)
- ☐ Juvenile Hall (20310)
- ☐ Juvenile Hall Realignment (40122)
- ☐ 2011 Realignment - Adult PRCS (20114)
- ☐ 2011 Realignment - Juvenile Justice YOE
- ☐ 2011 Realignment - Juvenile Justice/Prob

Probation Summary

	14/15 Actual	15/16 Adopted	15/16 Estimated	16/1 Propo
Revenues				
Taxes	-	-	-	
Licenses, Permits & Franchises	-	-	-	
Fines, Forfeitures, & Penalties	1,472	1,500	1,783	1
Use of Money & Property	20,478	14,191	29,959	28
Federal/State Intergovernmental	3,810,496	2,720,619	3,530,873	3,379
Charges for Services	423,644	450,100	556,386	444
Miscellaneous Revenues	8,819	10,925	14,503	14
Other Financing Sources	3,350,337	3,503,999	3,479,454	3,884
General Fund Transfers	-	-	-	
General Fund Allocation	3,062,045	3,640,972	3,427,022	4,255
Total Revenues	**10,677,290**	**10,342,306**	**11,039,980**	**12,009**
Expenses				
Salaries & Benefits	5,310,044	5,861,997	5,599,935	6,385
Services & Supplies	914,843	1,163,273	1,216,158	1,710
Other Charges	347,973	309,580	332,080	421
Overhead Cost Allocation (A87)	376,818	575,419	575,258	641
Capital Assets	27,991	-	-	
Other Financing Uses	2,486,382	2,616,970	2,496,659	2,939
Interfund Activity	(113,331)	(104,972)	(224,504)	(180
Contingency	-	-	-	
Total Expenses	**9,350,721**	**10,422,267**	**9,995,586**	**11,919**
Fund Balance Added (Used)	**1,326,569**	**(79,961)**	**1,044,393**	**89**
Staffing:	**58.50**	**58.50**	**58.50**	**5**

		June 30, 2016 Projected Fund Balance	FY 16/17 Revenue	FY 16 Exper
GENERAL FUND	Fund # 0101	*	8,977,766	8,977
COM CORR PERFORM INCENT	Fund # 1322	1,317,160	607,278	277
CORRECTIONAL TRAINING	Fund # 1323	41,182	25,680	25
WARD WELFARE FUND	Fund # 1359	5,045	2,290	2
PROBATION ASSET FORFEIT	Fund # 1452	2,274	18	
HLTH/WELFARE LOCAL TRUST	Fund # 1480	279,457	157,000	234
LRF 2011 - PUBLIC SAFETY	Fund # 1482	1,587,192	1,786,032	1,884
YOUTH OFFENDER BLCK GRN	Fund # 1639	158,119	177,886	186
LAW ENFRCMNT SVCS - JJCPA	Fund # 1640	438,385	275,240	332
			12,009,190	11,919

* See General Fund Balance and Reserves in Section 1 for the FY 2016-17 General Fund an

Probation

Mission Statement:

The Nevada County Probation Department, as an integral part of the criminal justice system, improves public safety by serving the courts and by providing Evidenced Based Practices and Interventions.

Service Description:

The Probation Department is responsible for the administration of the adult and juvenile divisions, including Court services and supervision services, alternative custody programs and Juvenile Hall. Additionally, the Probation Department supervises all offenders on various specialty court caseloads, such as Adult Mental Health court, Adult and Juvenile Drug Courts, Prop 36 Court, and DUI Court. As a criminal justice partner the Probation Department is charged with performing mandated tasks, such as providing all investigative and report services to the courts, supervision of offenders placed on probation and released into the community, disposition of all law enforcement referrals for juvenile offenders, safe and lawful detention of minors placed into detention by the courts and law enforcement agencies, advocacy for the rights of crime victims and performing evidenced based practices and tracking outcomes for adult realignment. There are a myriad of services required to be performed by the Probation Department under the mandates of the Penal Code, Welfare and Institutions Code and Health and Safety Code. Additional performance mandates are found in the Federal Title IV-E regulations as well as State of California Division 31 Welfare Regulations and in Assembly Bill 109. Additional requirements for service, supervision duties, registration and notification are being added by Propositions passed by voters and Federal and State Courts decisions on a regular basis. In addition, the Probation Department supports the local courts in the operation of specific programs. The Probation Department discharges these tasks through a variety of programs including the adult and juvenile work release programs, juvenile electronic monitoring programs, GPS and victim support, Cognitive Behavioral Groups and flash incarcerations.

Major Accomplishments in 2015-16:

- Migrated and implemented a new case management system (Automon) which is providing a larger variety of data tracking options. Enhanced tracking will improve data collection, decision making analysis, and assessment of supervision and programmatic outcomes.
- Awarded a three year state MIOCR (Mentally Ill Offender Crime Reduction) juvenile grant through the Board of State and Community Corrections to provide intensive mental health services for youth in and out of detention.
- Awarded a three year state MIOCR adult grant through the Board of State and Community Corrections to provide funding for a CIT (Crisis Intervention Team) to identify and support those adults with mental health issues.
- 19% recidivism rate for AB109 population (state rate is 44%) by providing intensive supervision strategies and alternative evidenced based approaches.

Objectives & Performance Measures for 2016-17:

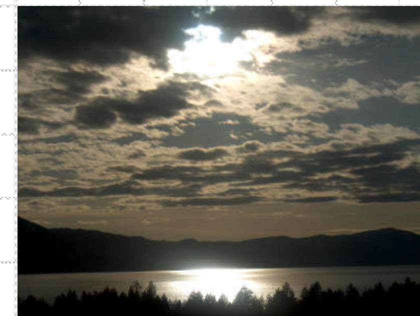
Objective:
Address the lack of employment and vocational training opportunities available to clients with felony criminal record.

Performance Measures:

- Secure a contract with NCCT (Northern California Construction Training).
- Perform risk/needs assessments on 100% of adult supervision population.
- Based on needs assessment, refer 100% of population to vocational training where employment is a top three criminogenic need.
- Track the completion, employment and recidivism outcomes of all clients participating in vocational training.

2016/17 Budget Gap

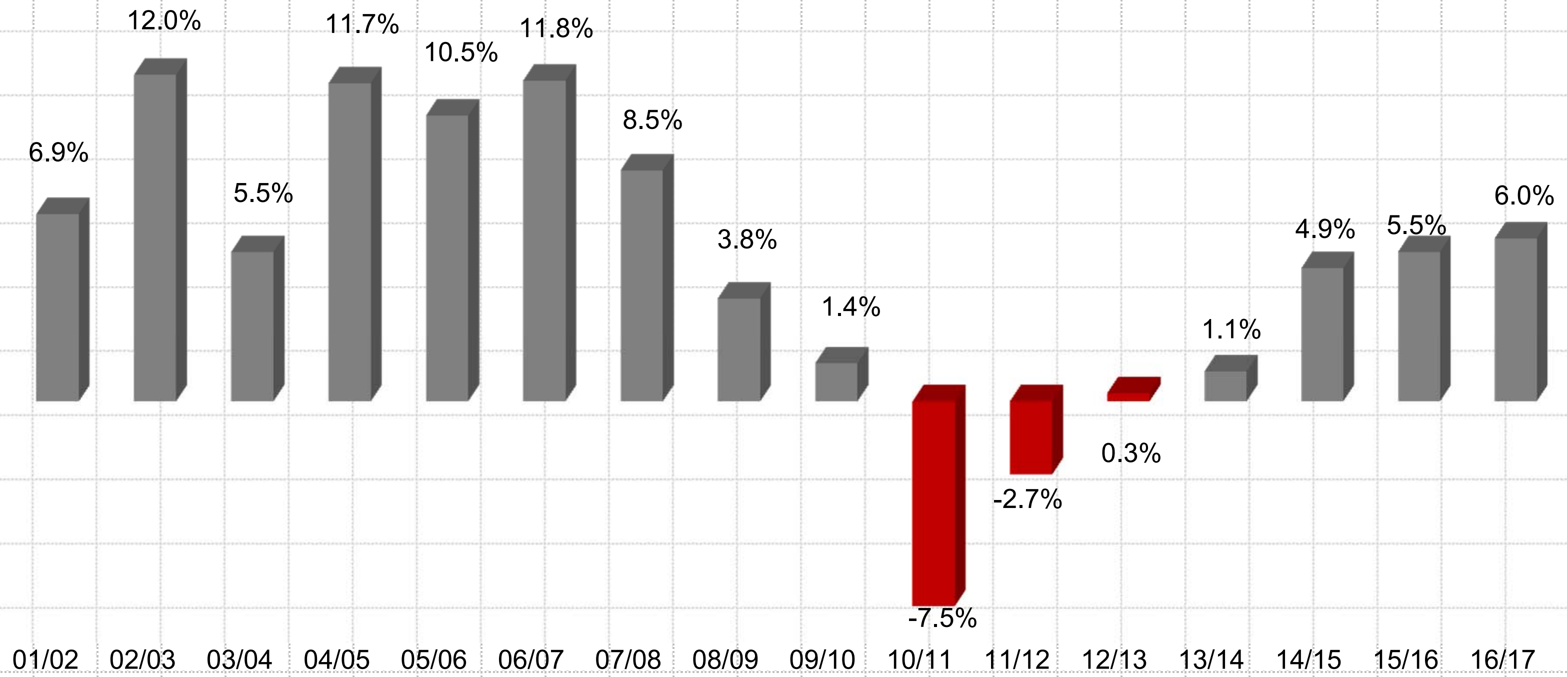
(General Fund)



15/16 Use of Fund Balance Per Original Plan	(272,963)
Discretionary Revenue Estimate Changes	
Property Taxes Growth 6.0% to 15/16 Estimates	1,801,917
Penalties & Interest vs 15/16 Estimates	(200,000)
Property Transfer Taxes	97,838
Sales Tax Increased by 2%	67,344
Other Revenue Increases/(decreases)	(177,523)
	1,589,576
Operating Cost Changes	
Salary Changes	(2,228,324)
Retirement (Annual PERS + Other Post-Empl. Benefits)	(489,567)
Health Insurance	(370,960)
Workers Compensation and General Liability	(227,068)
Cost Plan (A87) Reimbursement	337,449
Other	746,868
	(2,231,602)
16/17 Budget Gap	(914,989)

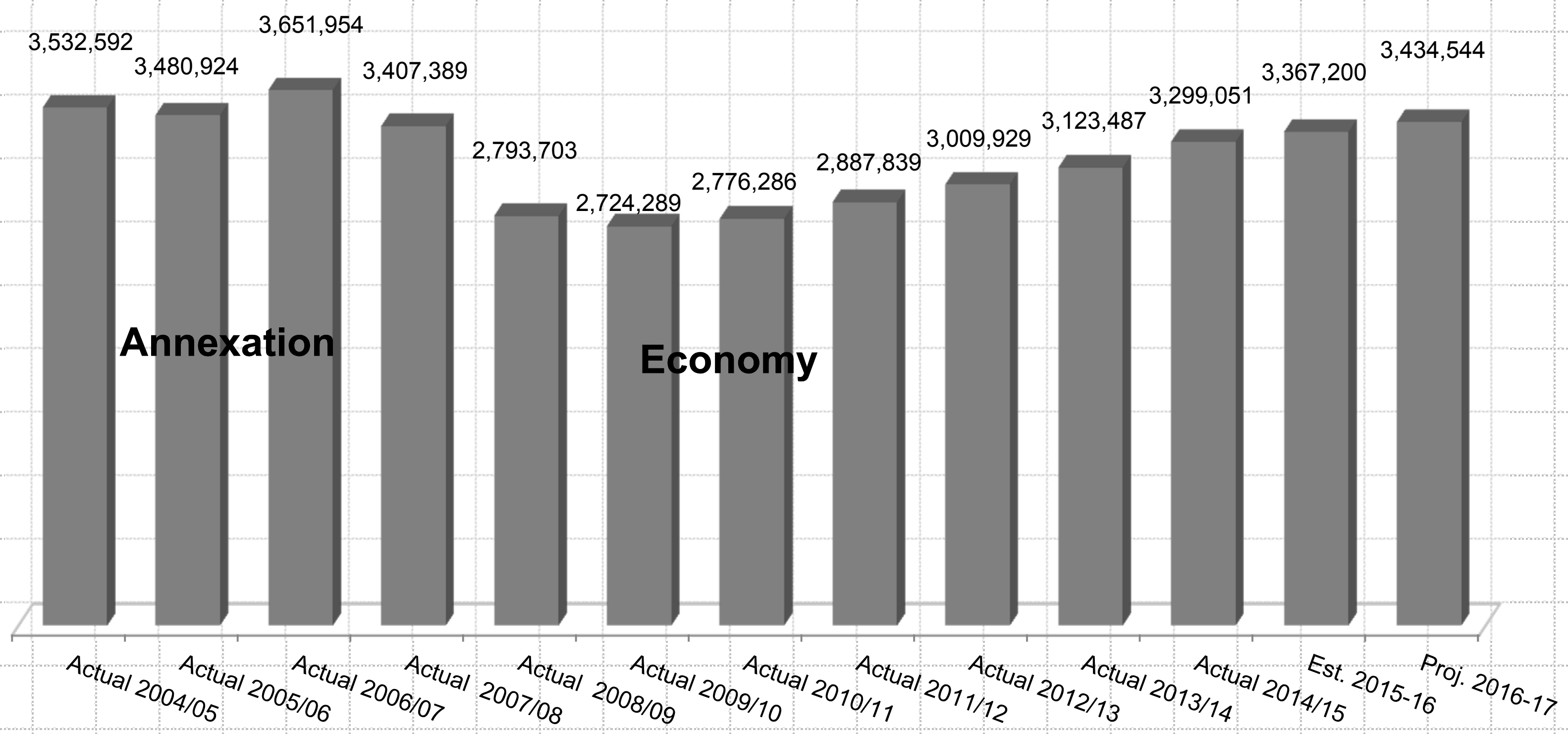
Historical Budget Trends

- Property Tax Growth Rate Moderate

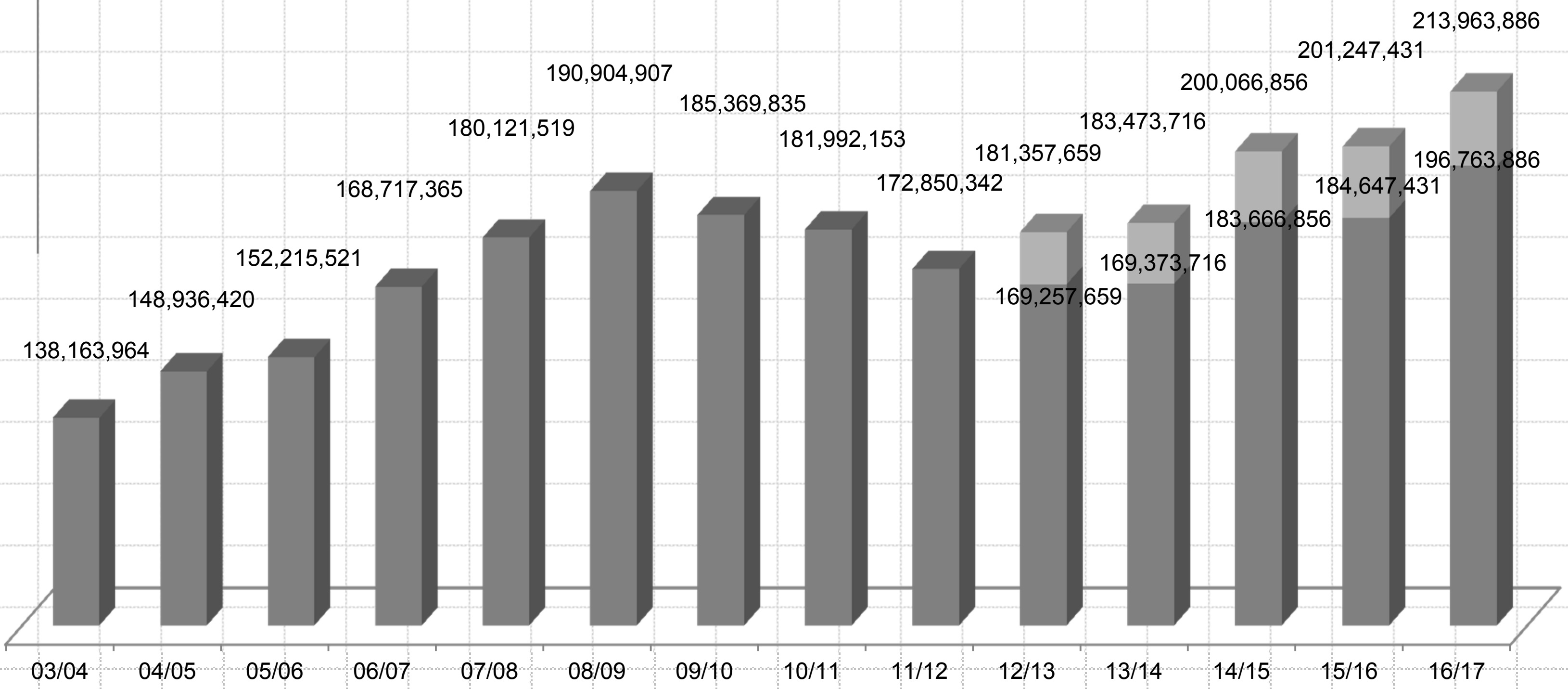


Historical Budget Trends

- Sales Tax Revenue

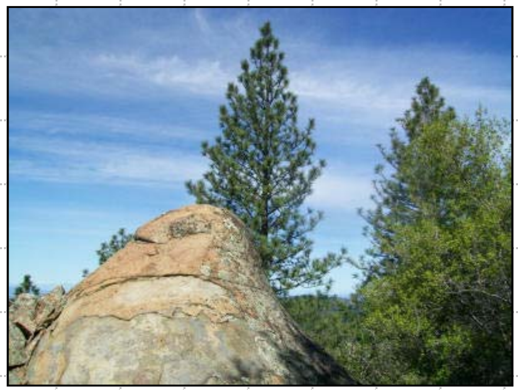


Historical Budget Trends

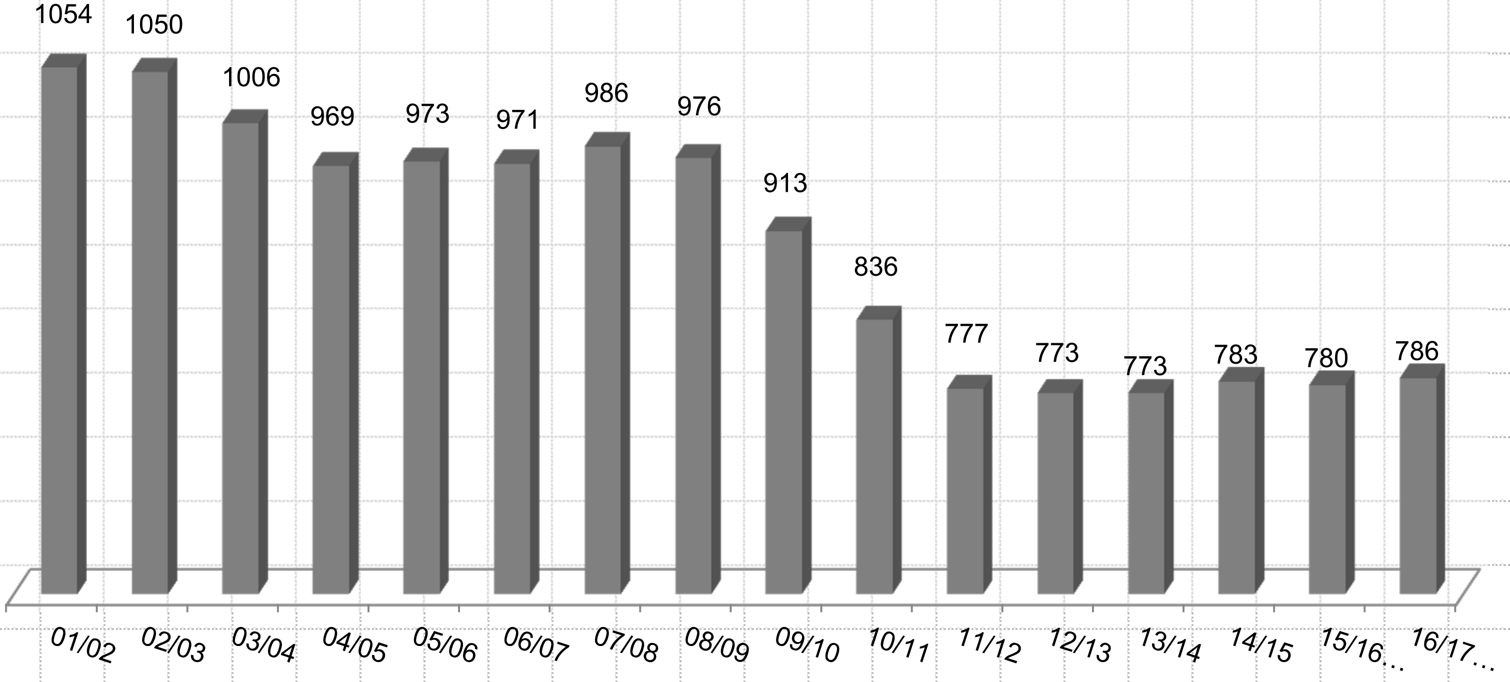


Note: Area in light grey is the effect of 2011 Realignment

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

	Audited 6/30/2015 Balance	Adopted Changes FY 15/16	Projected Balance 6/30/16	One-Time 15/16	Reserve Re-Assignments	New Projected Balance 6/30/16
Restricted						
Public Safety	161		161			161
Public Safety Infrasctructure	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	1,327	250	1,577		300	1,877
Facilities Planning	5,071		5,071		698	5,769
Pension Contributions	3,587		3,587		3,600	7,187
Civil Litigation	120		120			120
General Plan Update Costs	750		750			750
Economic Development Infrastructure	395	140	535		74	609
	20,405	390	20,795		4,672	25,467
Miscellaneous Assigned	1,180		1,180			1,180
Unassigned - use for Economic uncertainties	5,942	(273)	5,669	665	(4,672)	1,662
	28,288	117	28,405	665	-	29,070

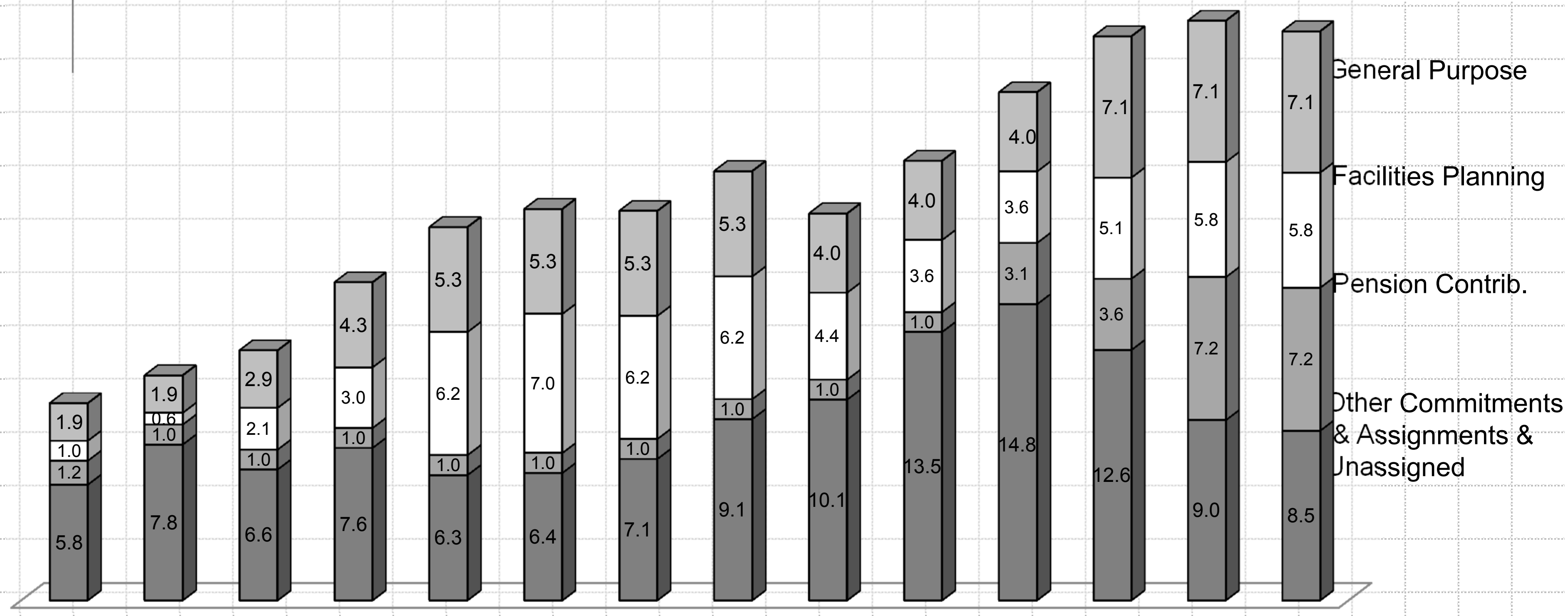
General Fund Balance

	New Projected Balance 6/30/16	Projected 2016-17 Budget Plan	Projected Balance 6/30/17	Planning Horizon IS & Facilities	Planning Horizon Fund Balance
Restricted					
Public Safety	161		161		161
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	1,877	250	2,127	(1,238)	889
Facilities Planning	5,769		5,769	(1,709)	4,061
Pension Contributions	7,187		7,187		7,187
Civil Litigation	120		120		120
General Plan Update Costs	750		750		750
Economic Development Infrastructure	609	136	745		745
	25,467	386	25,853	(2,947)	22,907
Miscellaneous Assigned	1,180		1,180		1,180
Unassigned - use for Economic uncertainties	1,662	(914)	748		748
	29,070	(528)	28,542	(2,947)	25,596

Historical Budget Trends

- General Fund Balance & Reserves

6/30/04 Actual	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 Estimated	6/30/17 Projected
9.877	11.277	12.527	15.957	18.727	19.637	19.535	21.532	19.412	22.049	25.484	28.288	29.070	28.542

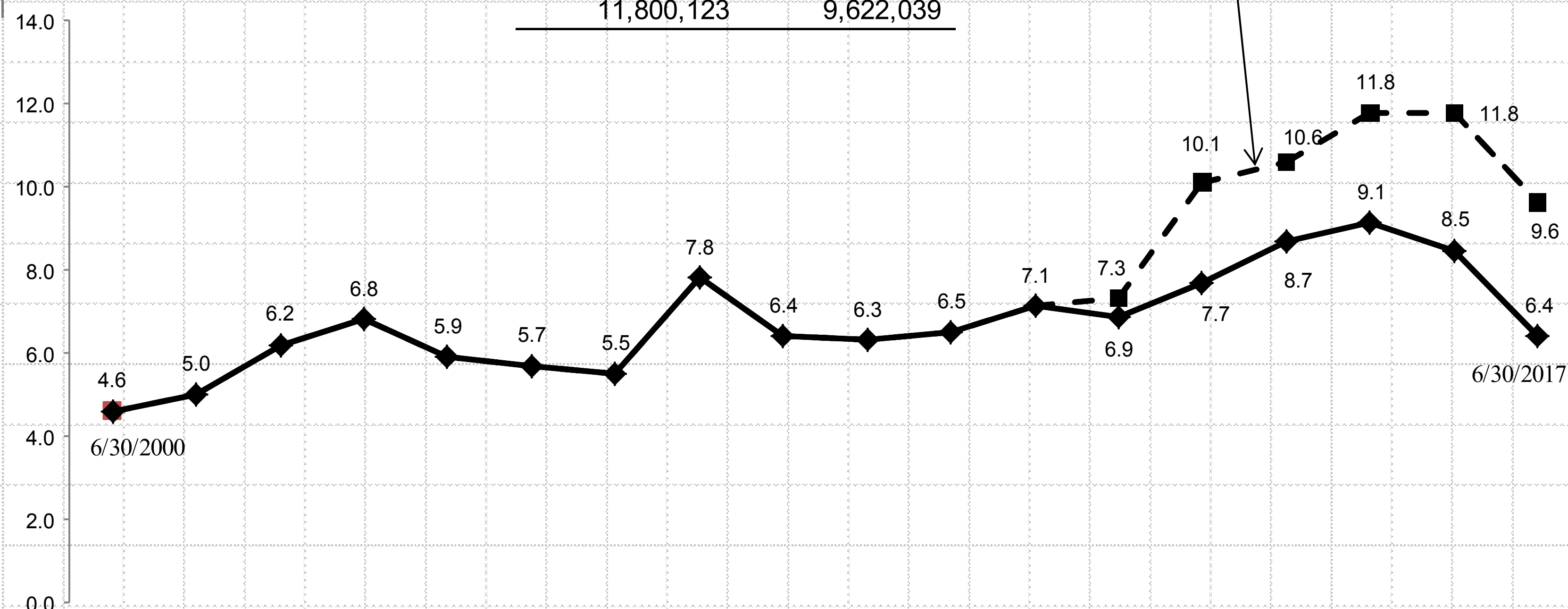


Other Operating Funds 2016-2017

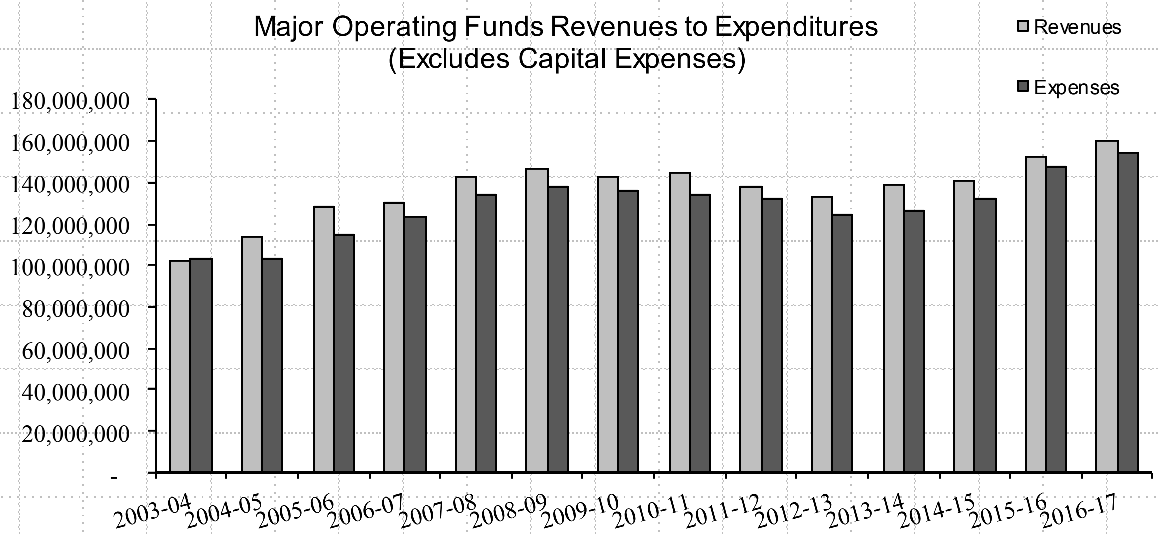
	Revenue	Expense	Variance	Fund Balance June 30, 2017
Roads	12,303,498	13,287,517	(984,019)	3,103,387
CDA	6,594,715	6,996,076	(401,361)	2,490,156
Transit	5,023,270	5,023,270	-	(271,700)
Library	2,712,932	2,781,474	(68,542)	1,353,117
Airport	1,951,169	1,951,169	-	264,461
Hlth & Human Services Agency	54,855,875	54,752,466	103,409	3,070,339

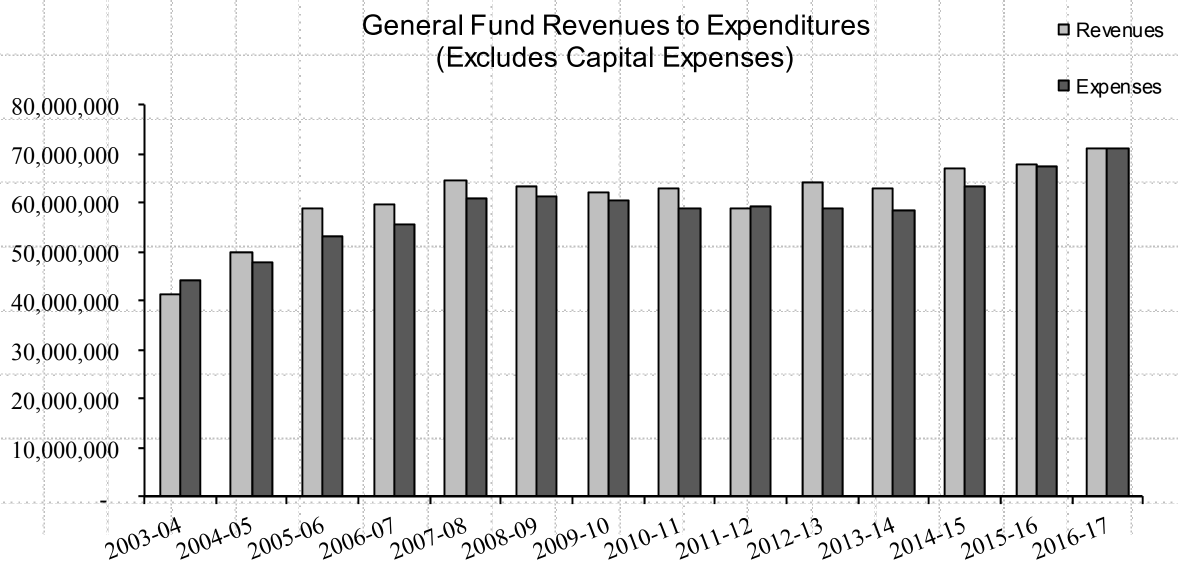
Realignment Fund balances

	Estimated Fund Balance 6/30/2016	Projected Fund Balance 6/30/2017
Social Services	4,595,611	4,094,543
CalWorks	-	-
CA State Children	614,361	373,406
Behavioral Health	3,033,511	1,766,459
Public Health	1,572,127	1,578,405
Juvenile Hall	279,457	202,401
Environmental Health	-	-
Probation/Sheriff AB109	1,705,056	1,606,825
	11,800,123	9,622,039



Revenues to Expenditures





2016-17 Budget Highlights

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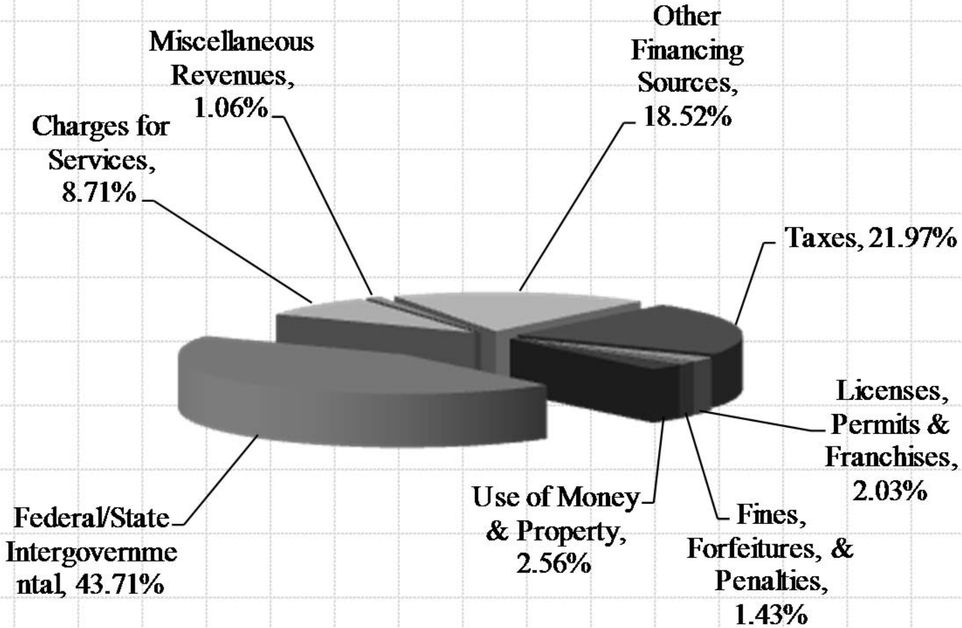
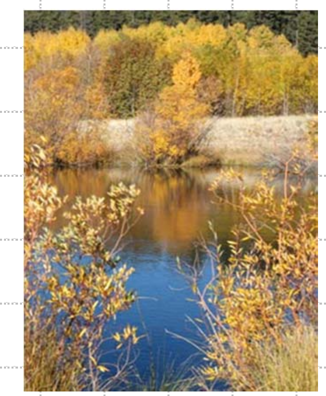
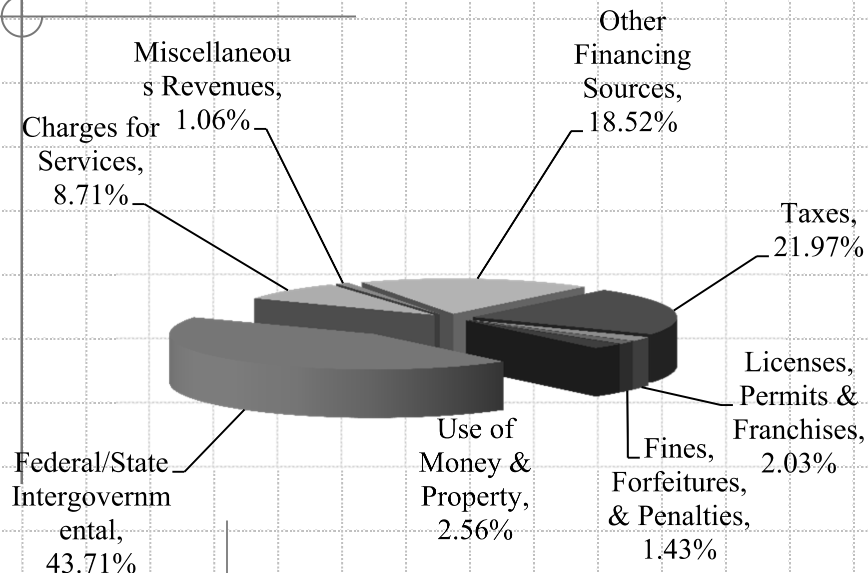
Revenues

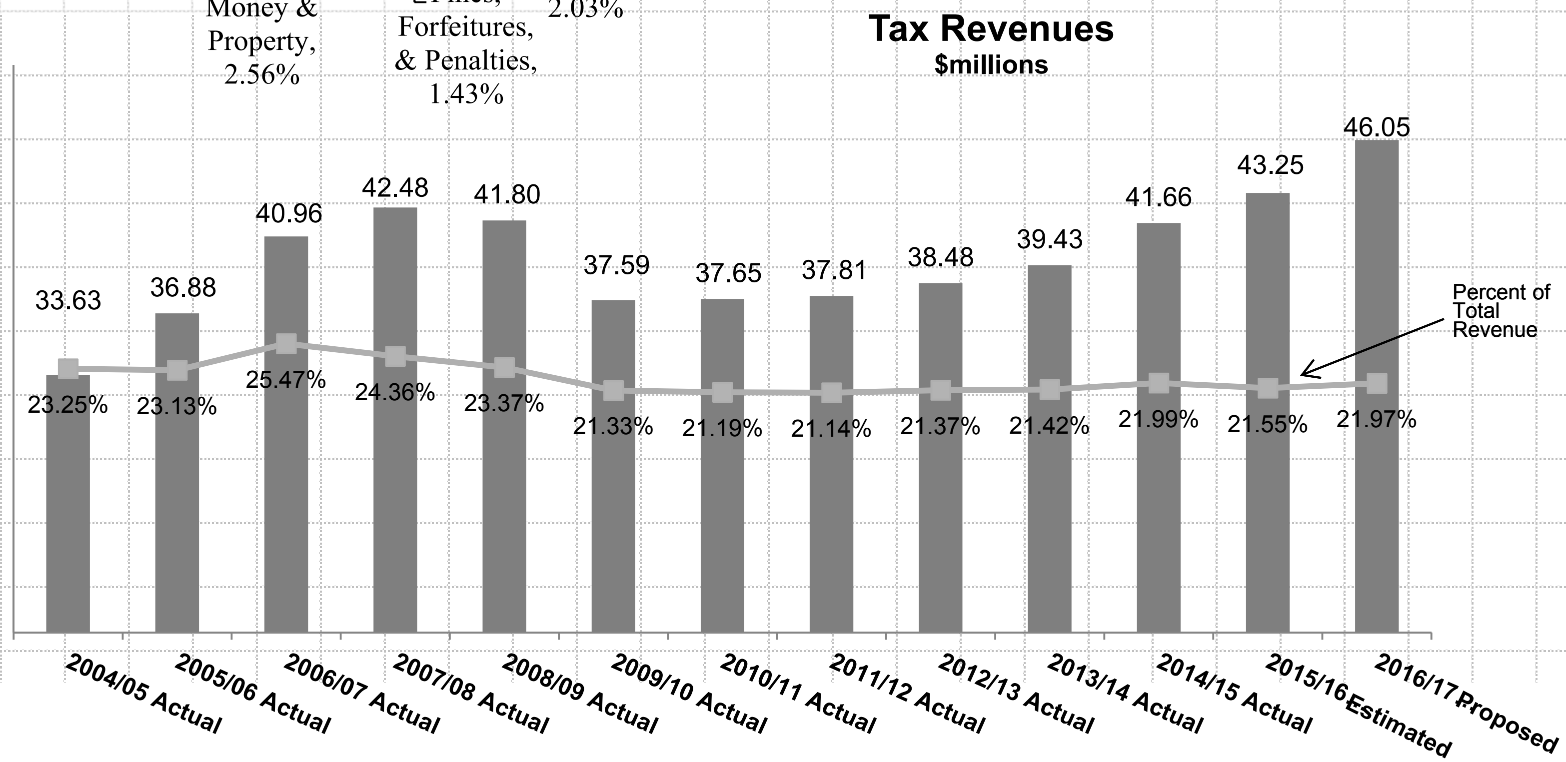




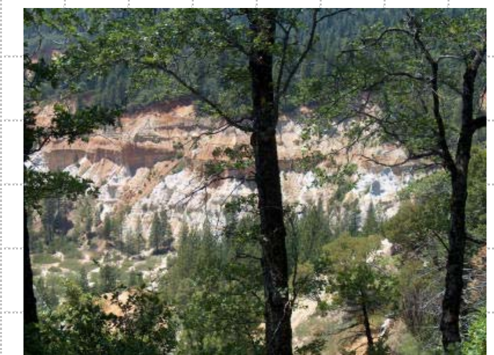
Revenues	15/16 Adopted	16/17 Proposed
Taxes	43,594,029	46,049,002
Licenses, Permits & Franchises	4,151,534	4,253,112
Fines, Forfeitures, & Penalties	3,100,238	3,005,762
Use of Money & Property	5,263,033	5,369,399
Federal/State Intergovernmental	**85,294,495**	**91,623,660**
Charges for Services	17,712,415	18,265,887
Miscellaneous Revenues	2,734,364	2,231,752
Other Financing Sources	**33,707,768**	**38,810,760**
Total Revenues	**195,557,876**	**209,609,334**

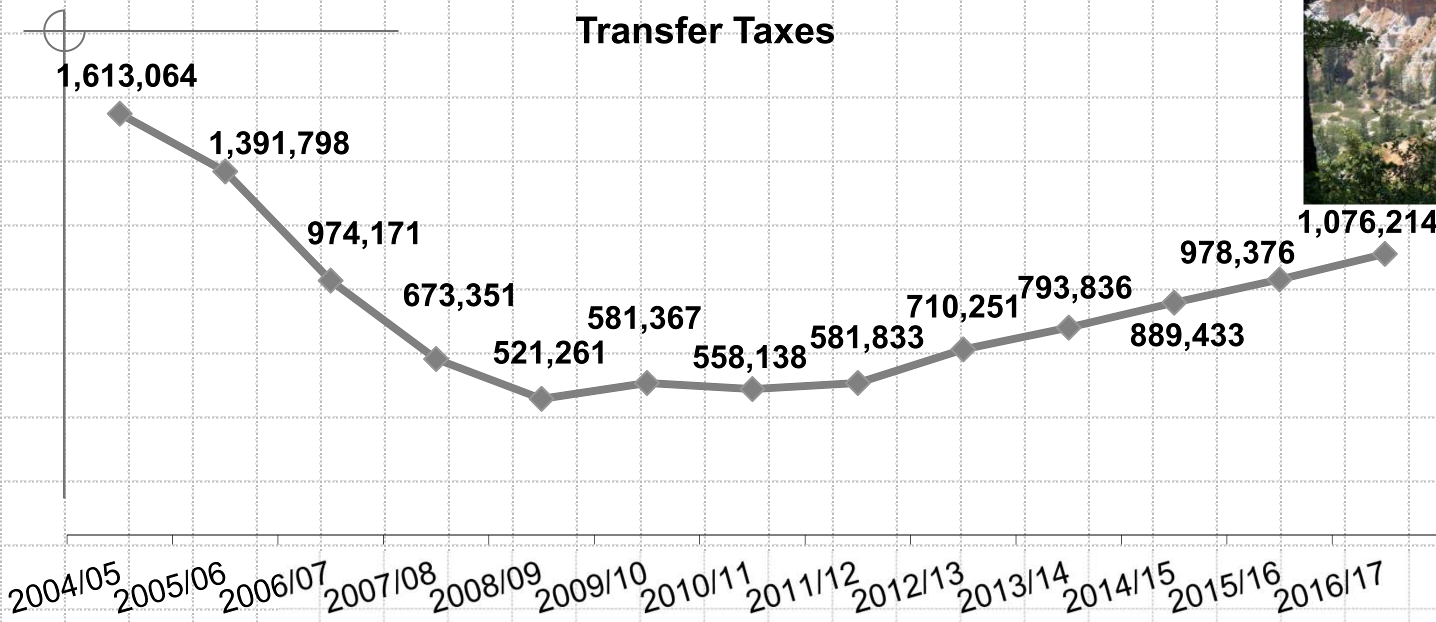
History of Revenues by Source



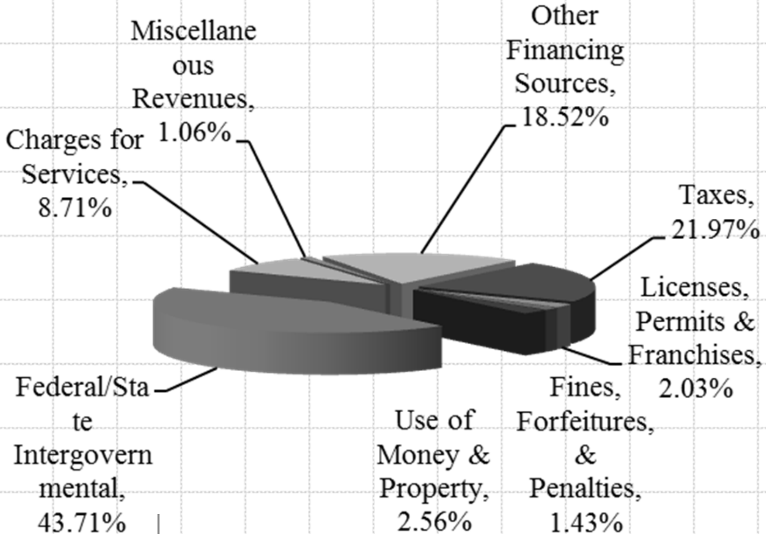


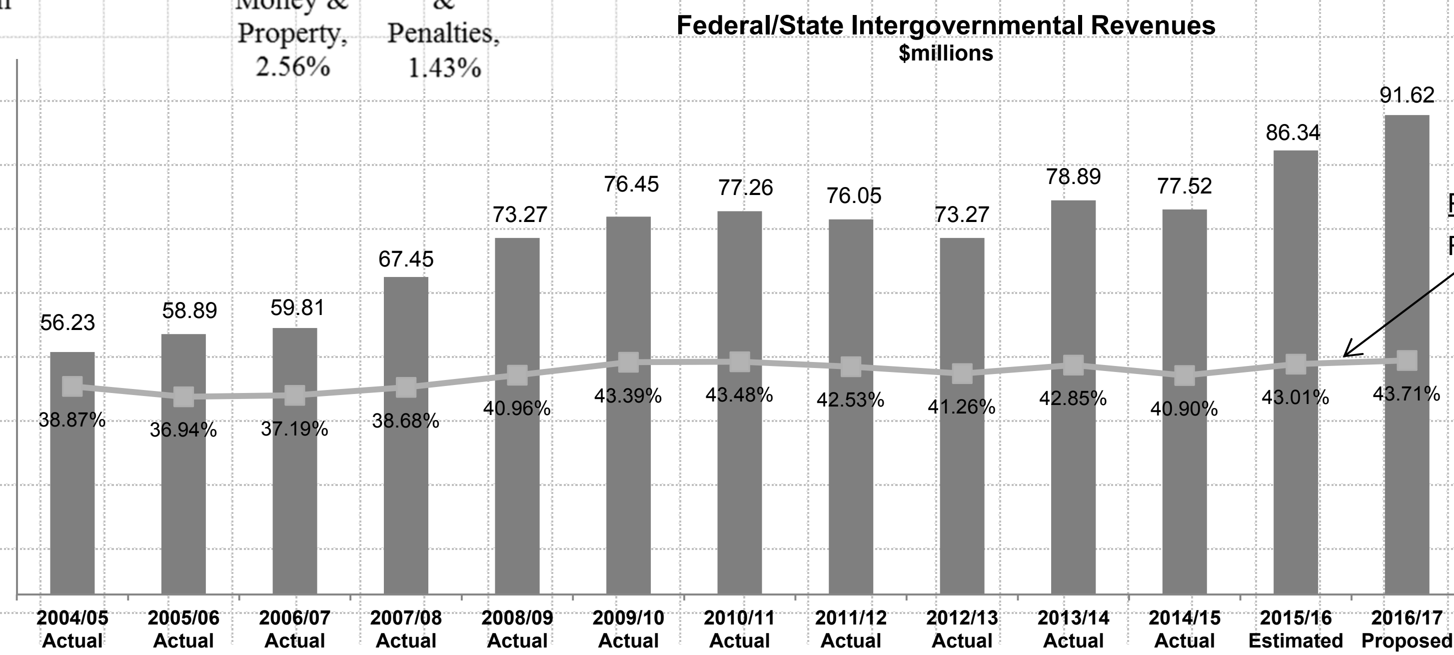
Property Tax Projections





History of Revenues by Source





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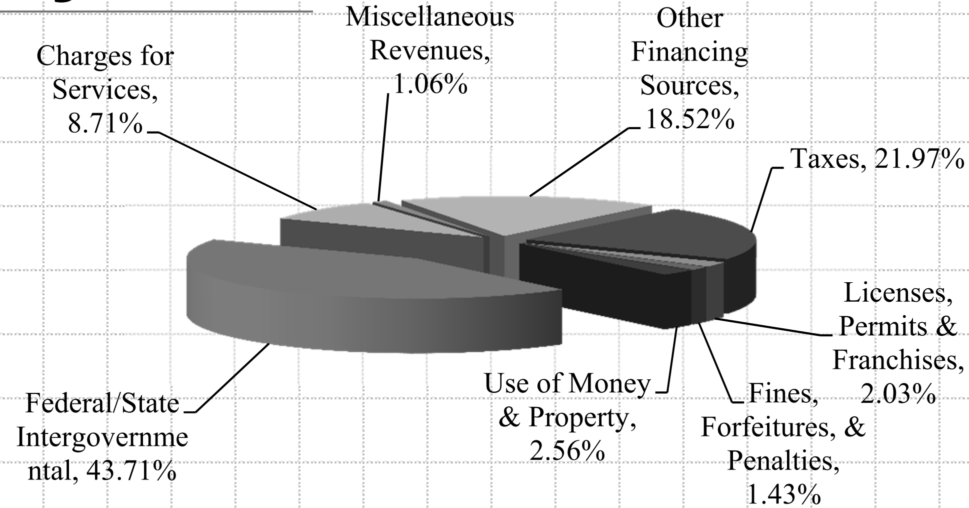
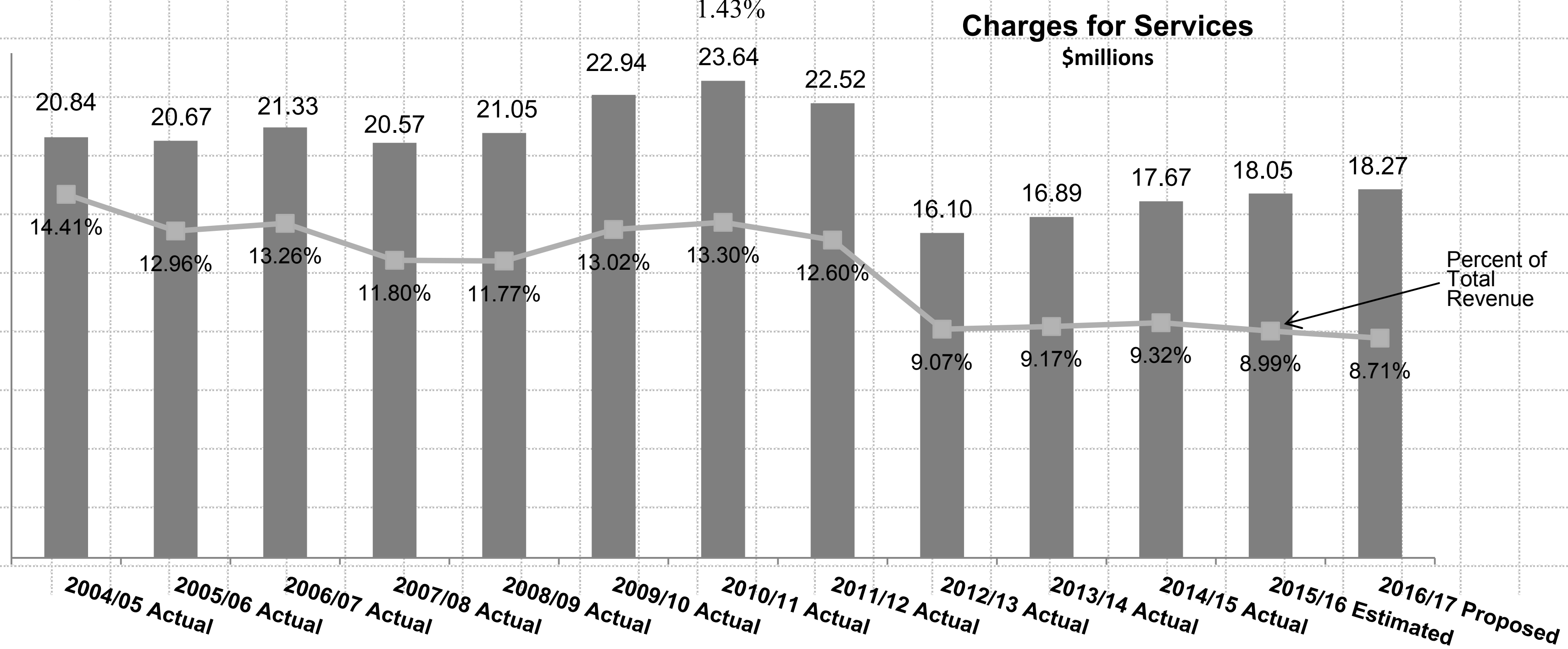
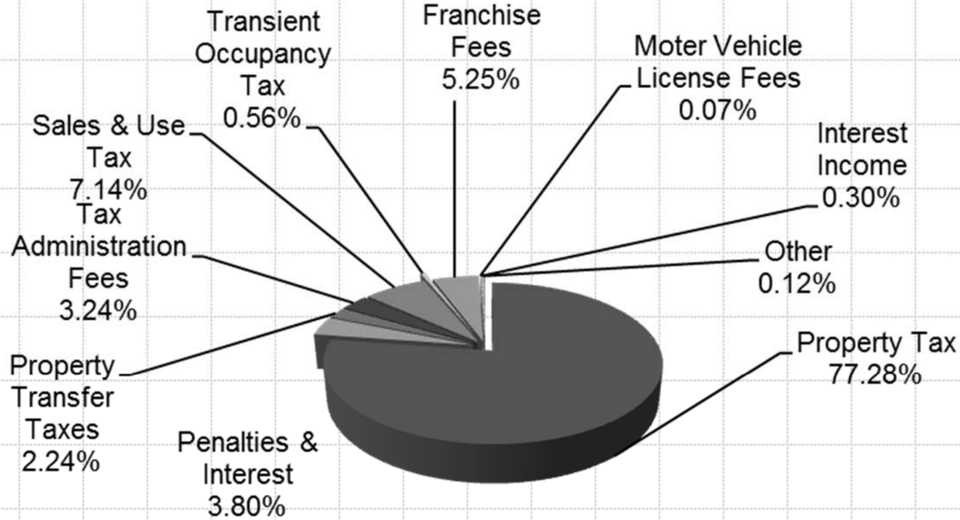
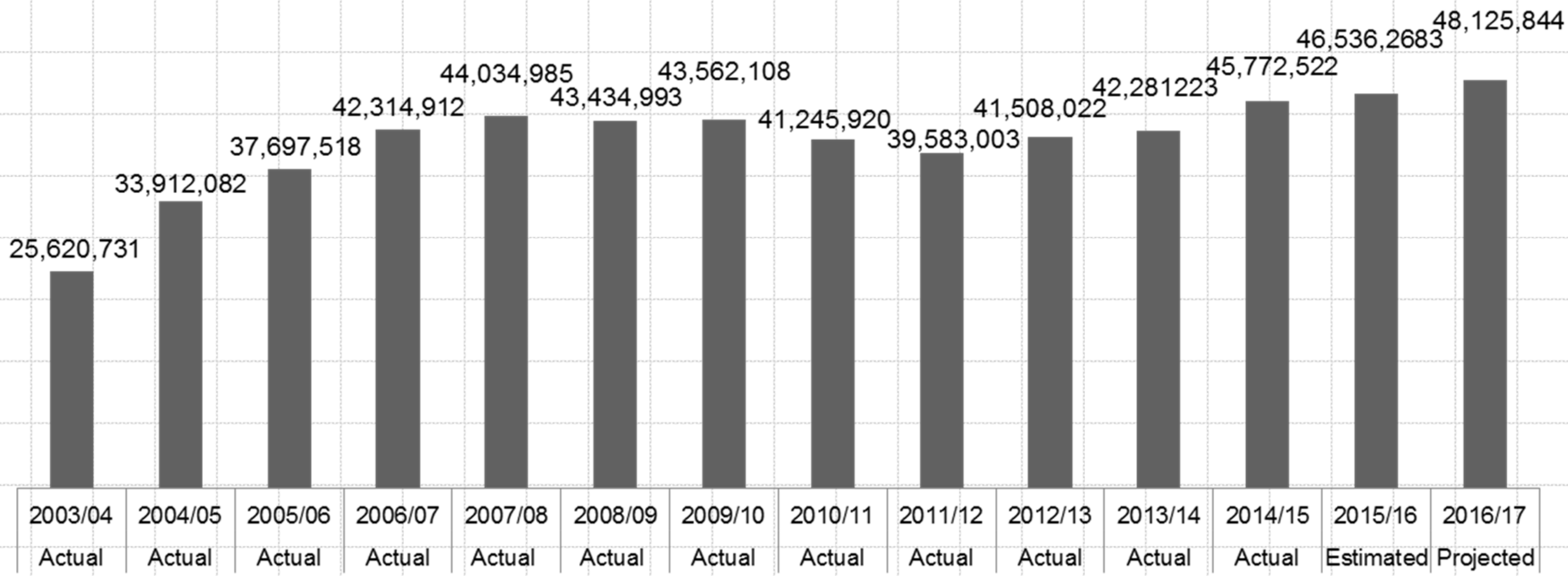


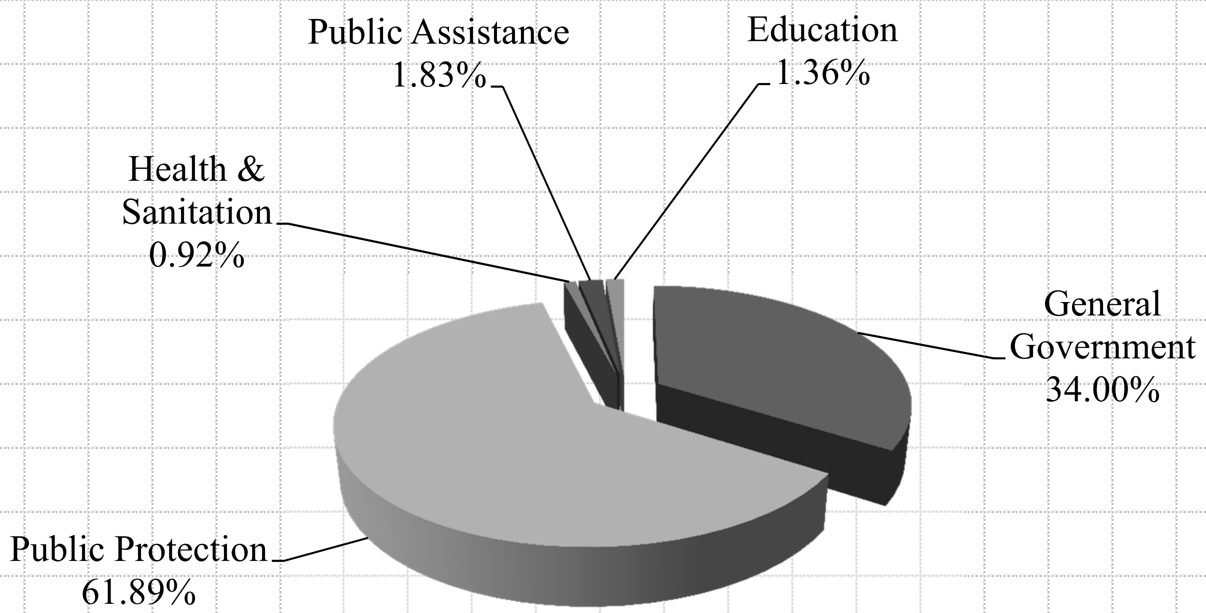


Total General Fund Discretionary Revenue

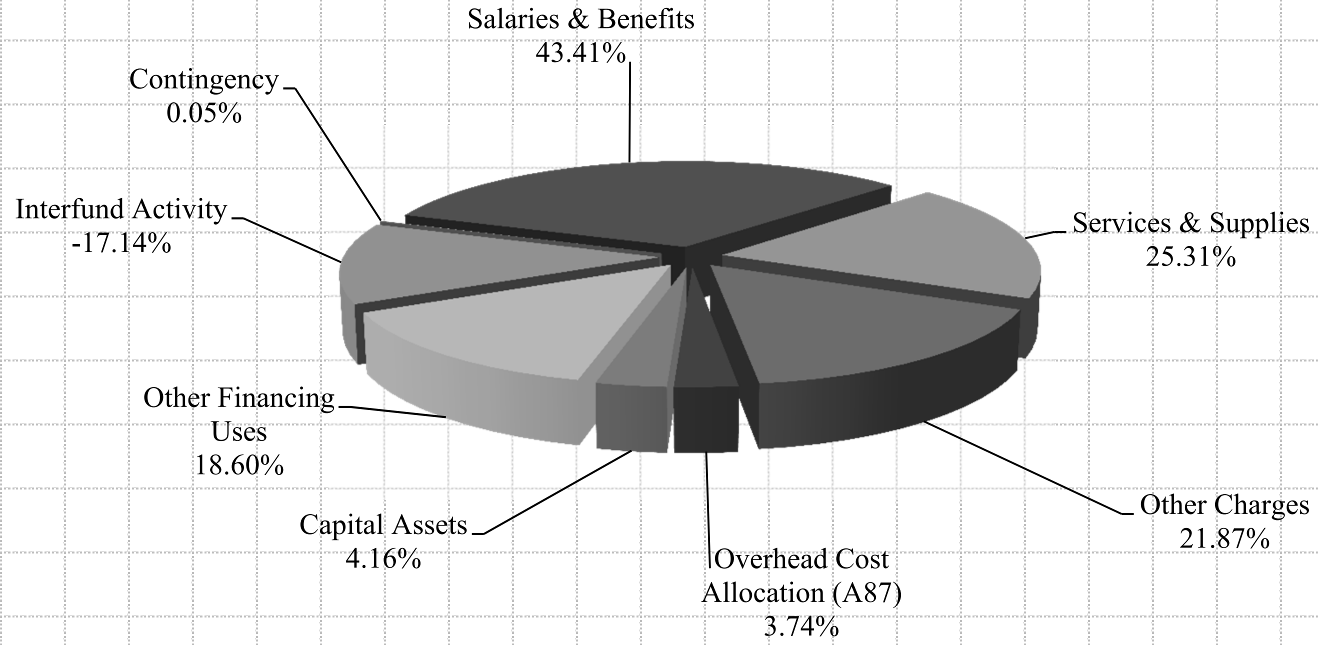




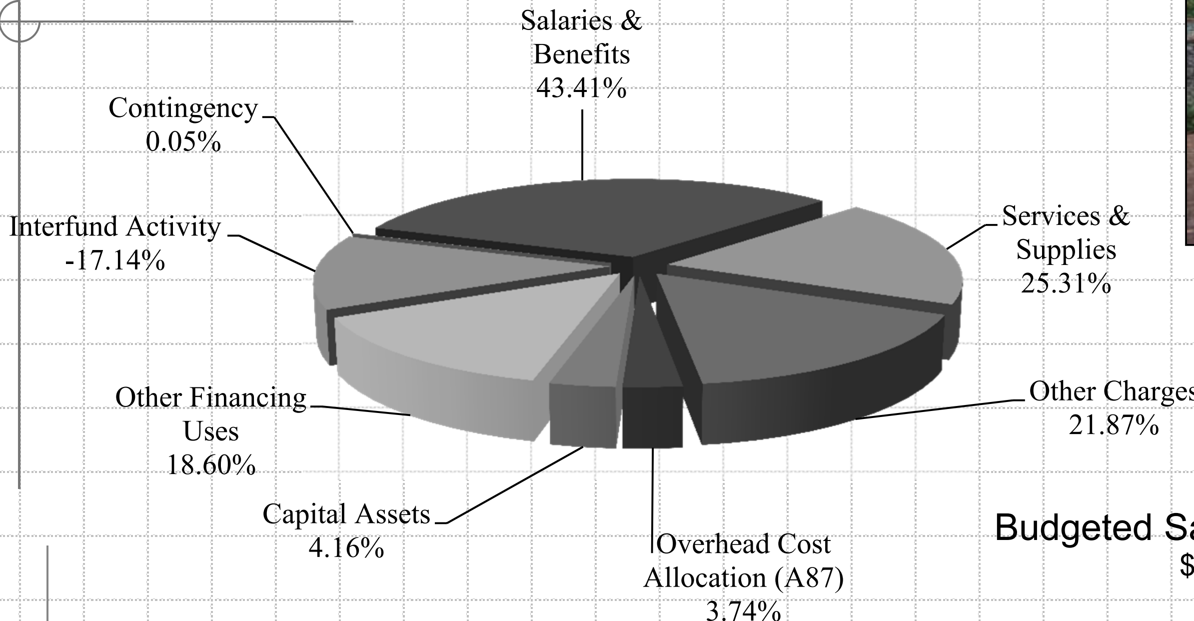
Uses of Discretionary Revenue

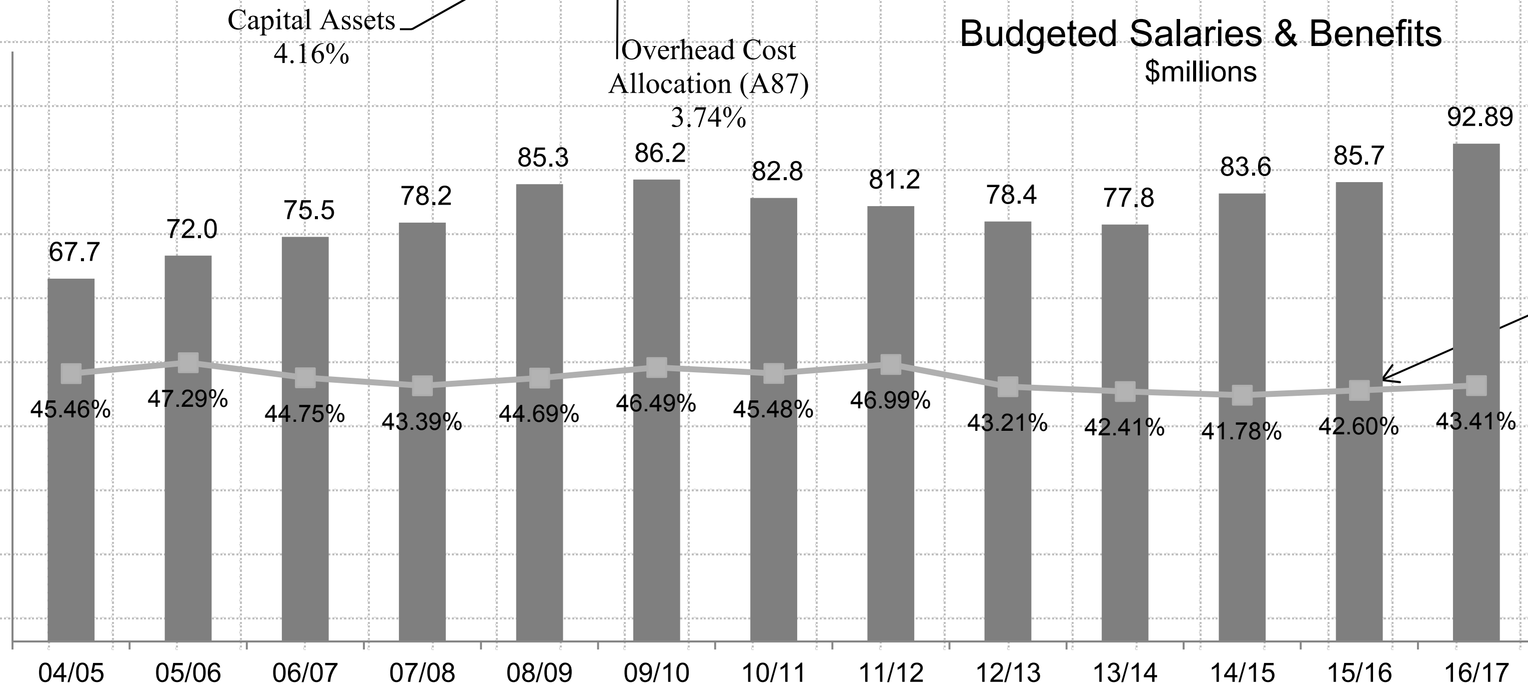


Expenditures by Class

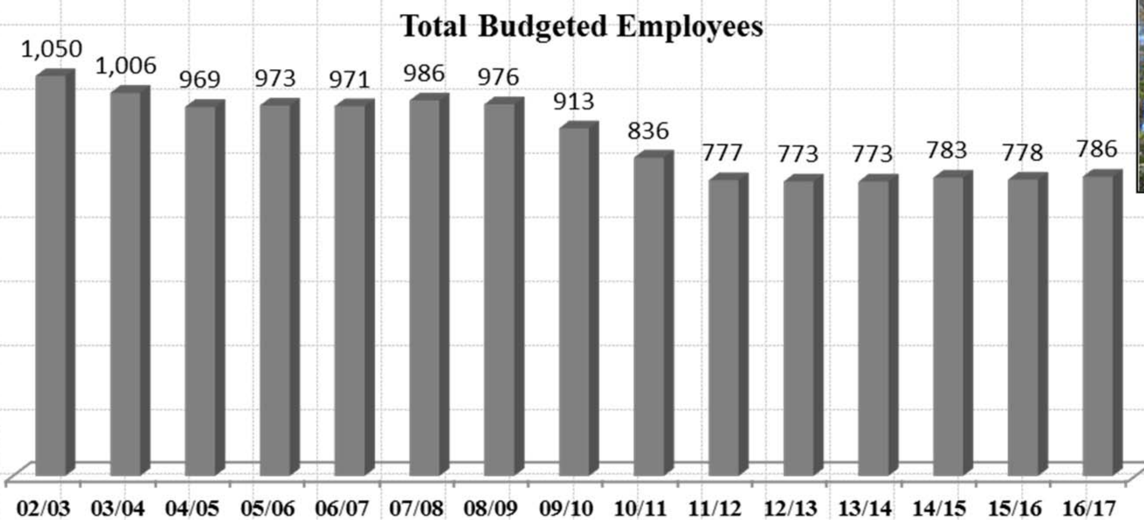


Salaries and Benefits



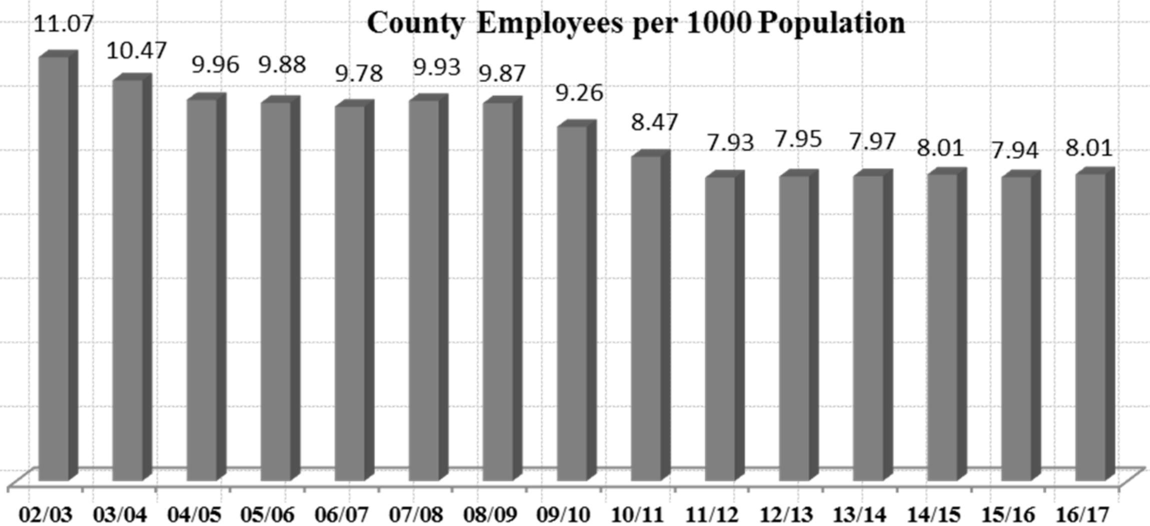


Staffing



	County Staff / 1000 Residents
Nevada	**7.9**
Butte	10.6
El Dorado	10.0
Mendocino	15.9
Napa	10.1
Placer	6.9
Sutter	10.3
Tehama	13.9
Yuba	12.3

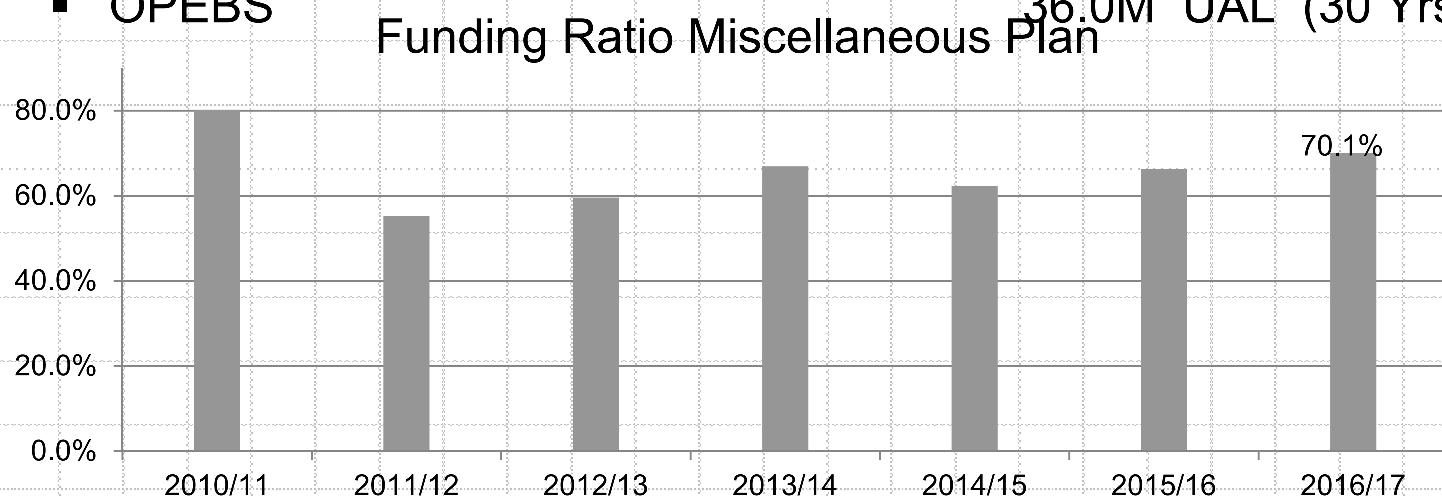
Based on 2015 Data



Pension & Retiree Health Promises

Nevada County Funding Ratios

- Misc 70.1% 286M Assets 122.2M UAL (30 Yrs)
- Safety Pool 76.2% 19.2M UAL (21 Yrs)
- OPEBS 36.0M UAL (30 Yrs)



Nevada County ARC

- Misc: Rate Increasing 16/17 Rate Increase 2.8% PR
- Safety: Rate Increasing 16/17 Rate Increase 5.6% PR
- OPEB: Rate 6.6% vs. 8.7% prior year

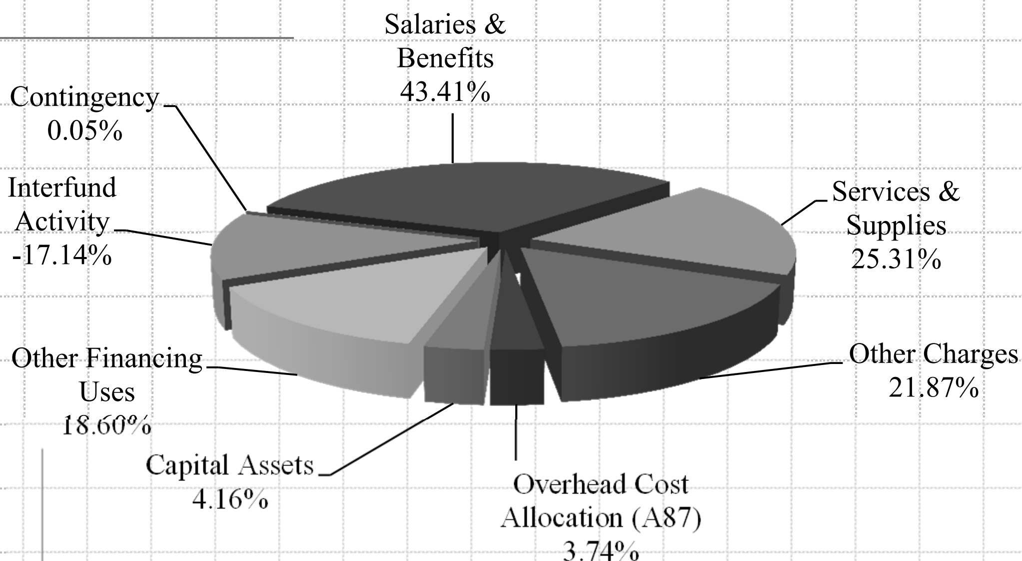
Pensions
Recent Developments

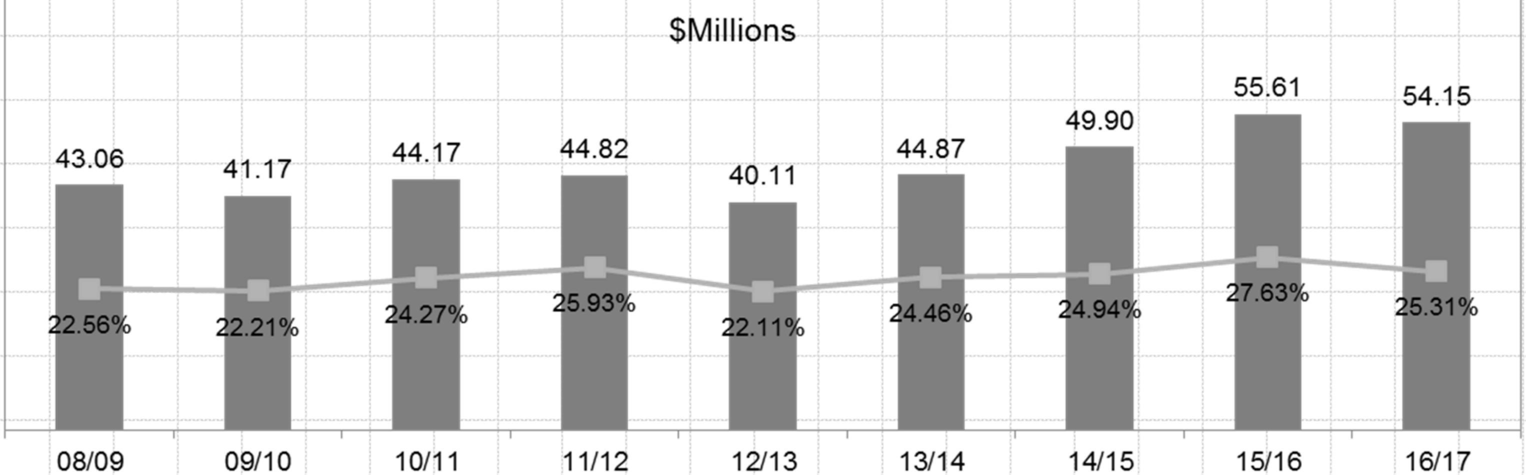
- GASB #68 Financial Reporting Changes 14/15
- CalPERS Actuarial, Demographic, Risk Mitigation Changes
- Short Term Pain; Strength in Long-Term
- Increases in Actuarial Required Contribution
  - Actuarial Changes effective 15/16 through 19/20
  - Demographic Changes 16/17 through 20/21
  - Risk Mitigation Strategy
- Long-Term reduction of UAL and 100% Funded

Actions Taken Under Local Control

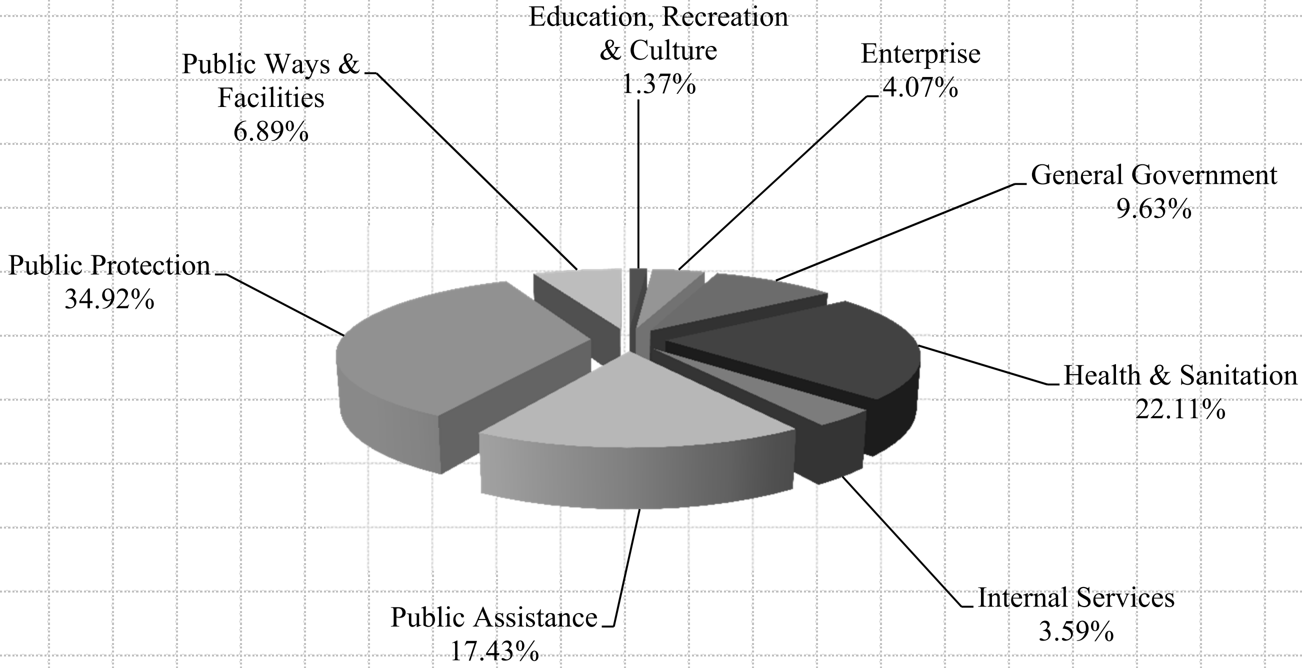
- Focused Staff Reductions in Response to Workload/Revenue Declines
- New Mandated Programs Implemented by Contract
- Consideration of Alternative Service Delivery Models
- Early Implementation of OPEB Funding
- Eliminated Retiree Health for Hires Post 7/1/08
- Employees Pay a Share of Pension Cost
- Second and Third Tiers in Pension Plans
- Continuing Staffing Level Review
- Increased Pension Reserve in General Fund

Services and Supplies

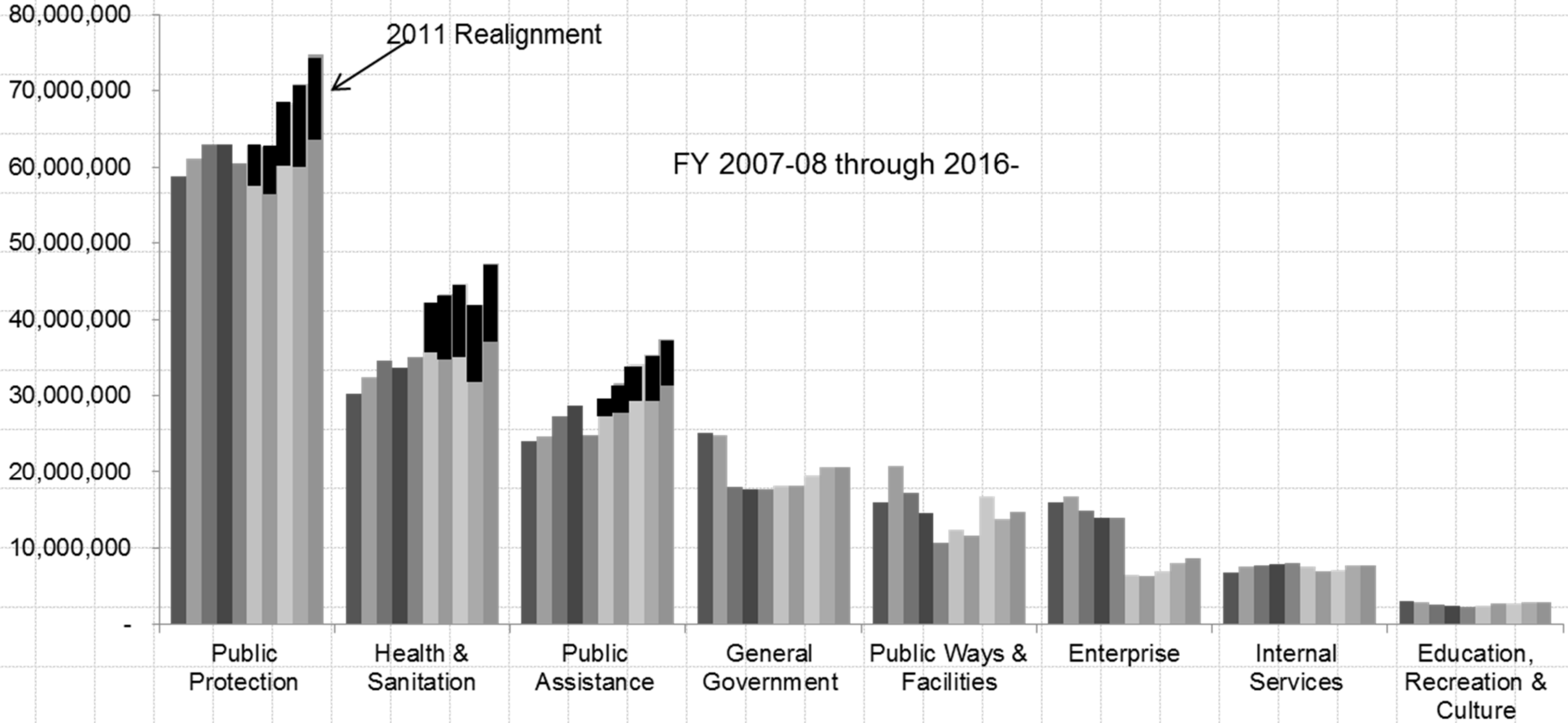




Expenditures by Function



Expenditures by Function



Capital Facilities & Infrastructure

- Current Projects
  - Operations Center
  - Energy Efficiency/Generation Project
  - Public Defender/Probation
  - Ag Department co-location/integration
- Future Projects
  - Airport Improvements
- Roads
- Wastewater
- Solid Waste
- Solar

State and Federal Budgets

State Budget

- 16/17 Budget balanced; $5B Surplus, 5.7% increase exp.
- Risks: recession, new spending, pensions
- Priorities—Reserves and one-time infrastructure spending
- Programs funded at least at 15/16 levels
- CalFire $11M for tree mortality response
- Transportation Package moved special session
- Fish and Wildlife PILT included
- Economic expansion – 3.0% in 2016/17, lower in 17/18

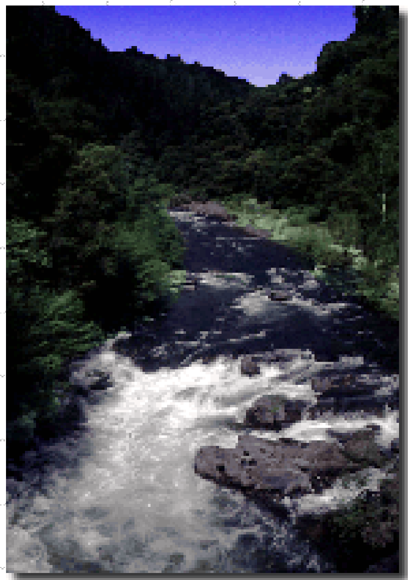
State and Federal Budgets

- Federal Budget
  - Budget passed on Dec. 19th through Sept. 30, 2016
  - Increase in Federal outlays
  - Secure Rural Schools approved through 16/17

Other Threats

- Continued Realignment
- 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 2016-17 Proposed Budget

Richard A. Haffey,

County Executive Officer