APPENDIX A

CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE COUNTY

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THE COUNTY

Introduction

Nevada County is located in Northern California between Sacramento and Reno, Nevada. The communities of Grass Valley and Nevada City, in the western portion of the County, and the alpine Town of Truckee, located to the east in the Sierra Nevada Mountains at an elevation of 7,650 feet, comprise the County's principal population centers. Situated northeast of Sacramento at an elevation averaging 2,500 feet, the County enjoys four annual seasons while remaining above the persistent fog of the Sacramento Valley and below the heavy snows of the Sierra Nevada mountains. The County covers an area of approximately 980 square miles, with a population as of January 1, 2018 of 99,155 (with 66,207 residents living in unincorporated areas of the County). Agriculture, tourism, high technology, construction and government are major contributors to the County's economy. The County seat, located in Nevada City (approximate population 3,226), together with the neighboring city of Grass Valley, approximately three miles away (approximate population 13,041) are widely known for their arts and cultural activities. The alpine Town of Truckee (population 16,681), located in the Sierra Nevada Mountains at an elevation of 7,650 feet, is a popular community for recreation and quality small town living. For additional information, see APPENDIX A – "Certain Economic And Demographic Information."

Government and Administration

The County was organized by an act of the legislature, approved May 18, 1851. The County is a general law county, and is governed by a five-member Board of Supervisors (the "Board") elected to serve four-year terms. Other elected officials include the County Assessor, Clerk-Recorder, District Attorney, Sheriff, Auditor-Controller and Treasurer-Tax Collector. The County Executive Officer is appointed by the Board and administers the day-to-day business of the County. The current members and terms of the Board are as follows:

Member	District	Occupation	Current Term Ends
Heidi Hall	District I	Manager, California Department of Water Resources	2020
Ed Scofield	District II	Retired CEO	2020
Dan Miller	District III	Businessperson	2022
Susan Hoek	District IV	Businessperson	2022
Richard Anderson	District V	Magazine Publisher	2020

Labor Relations

County employees are represented by seven unions representing several bargaining units. The following table identifies the bargaining units, number of members in each, and expiration date of the current bargaining agreements, as of October 1, 2018. Approximately 58 employees, including elected officials, appointed department heads and various confidential employees are unrepresented. The County has experienced no work stoppages in the past 10 years.

Bargaining Unit	Employees	Expiration Date
Management Employees Association	65	June 30, 2020
International Union of Operating Engineers	509	June 30, 2021
Nevada County Deputy Sheriffs' Association	43	June 30, 2019
Sheriff's Management Association	22	June 30, 2021
Probation Peace Officers Association	18	June 30, 2020
Deputy District Attorney/Public Defender's Bargaining Group	15	June 30, 2021

Source: The County.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (internal service funds) to account for and finance its uninsured risks of loss for public liability, unemployment and dental and vision. The County is a member of the California State Association of Counties Excess Insurance Authority ("EIA"), a public entity risk pool currently operating as a common risk management and insurance program for counties. Through the EIA Program, the County has up to $25 million aggregate coverage for earthquake losses. However, should actual losses among participants the EIA Program be greater than anticipated, the amount actually available for County losses will be reduced. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess.

With respect to potential general liability, EIA Risk Management Funds provide coverage for up to a maximum of $100,000. The worker's compensation program provided by EIA provides first dollar coverage for worker's compensation claims. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the Risk Management Funds based on estimates of the amounts needed to pay prior and current year claims. At June 30, 2018 the Risk Management General Liability Fund's fund equity was approximately $1.14 million. The County believes that any claims expenditures in excess of the County's self-insured retention of $100,000 will be covered by insurance through EIA. The claims liability of $630,000 reported in the funds at June 30, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably determined.

Financial and Accounting Information

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. See "COUNTY FINANCIAL INFORMATION." The various funds are grouped into fund and account categories as described below under the caption "COUNTY FINANCIAL INFORMATION" and in APPENDIX B – "AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED JUNE 30, 2018."

COUNTY FINANCIAL INFORMATION

Budgetary Process

The County is required by State law to adopt a budget by July 1 of each fiscal year. In January the Board establishes strategic goals and objectives, and the budget process begins in early February at which time, the Board adopts their goals and objectives and budget policies for the coming year, and budget instructions are issued to the various County departments and offices. In mid- March, the various budgets are submitted to the County Executive Officer for review and analysis. The Board has established an ad hoc temporary budget sub-committee of two Supervisors who meet with the County Executive Officer and the Auditor-Controller to review budgets during the month of April. Each department head and officer is invited to present the particulars of his or her department's or office's programs and the alignment of those programs with Board goals. Objectives and performance measures are presented and discussed at some length.

The decisions of the sub-committee meetings are compiled to produce a recommended budget for presentation to the Board in early June. Any modifications are completed in time for final adoption by June 30. For Fiscal Year 2018-19, the adopted budget includes a "one time" use of reserves to achieve a balanced budget. See "- Adopted Fiscal Year 2018-19 Budget."

Throughout the fiscal year, reports are submitted by each department head and officer for review and analysis. Significant deviations from budget must be explained by each department head and officer to the County Executive Officer. The reports of the various departments and offices are consolidated and presented to the Board quarterly.

Amendments to the budget during the year require four-fifths Board approval. Authority to transfer within a given fund and budget unit has been delegated to the County Executive Officer.

The County is committed to prudent fiscal management and engages in targeted long-term planning when possible and appropriate. The long-term planning takes in to account known and anticipated changes to salaries and benefits, revenues, levels of service, Board priorities, economic indicators, and federal and State policy changes. Revenue estimates are based on the most recent financial data and available information about local, federal and State funding levels. Some of the key areas include the County's Road Maintenance and Capital Improvement Plan, the Information and Communication Technology Strategic Plan, and Pension Obligations. The County's long term financial planning has focused on several key areas such as fiscal health, stable operations, and the capital needs of Roads. Each year a five-year Road Maintenance and Capital Improvement Plan is prepared for and approved by the County Board of Supervisors. The CIP is a plan for short range and long-range plans to improve or rehabilitate the County-owned roads and related infrastructure. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes. The 2018 CIP update represents a five year, $82 million program from July 2017 through June 2022 for 562 miles of County maintained roadways. The funding for the CIP projects is a mix of Federal, State and local sources and subject to availability.

The County has implemented a number of financial and budget policy goals, including the following:

- The Fund Balance Reserve Policy was adopted in 2015 by the Board to direct the Auditor-Controller to annually reclassify fund balance in accordance with GASB 54, so that the most restrictive fund balances are reduced first, prior to fund balances with a broader use and classification. For funds that are determined to fall within the "Committed Fund Balance," "Assigned Fund Balance," and "Unassigned Fund Balance" classifications, the Board is required to adopt a resolution before the fiscal year-end to establish or re-establish the specified purpose for the funds. The policy supports the Board's goals of a sustainable level of core services to the public during times of economic uncertainty and to assign fund balance for Board fiscal priorities such as pension liability funding, capital facilities planning, information systems infrastructure and economic development infrastructure.

- The Debt Management Policy was adopted in 2016 by the Board with the following objectives: maintain financial discipline, prudence and long term stability; enhance the quality of decisions by establishing a systematic and prudent approach to debt issuance and debt management; facilitate approval of debt issuance using predetermined policies; protect the County's good credit worthiness and minimize the County's borrowing costs; and incorporate debt management practices into the County's planning and project management activities.

- Budget Policies are adopted annually by the Board as part of budget development and implementation. The current budget policies have not changed since the Great Recession and focus on fiscal prudence, maintaining service levels, and public transparency.

- The Information Systems 5-year Spending Plan is updated annually to support the Information Systems Department budget and to ensure that priority projects and their funding have been identified for the coming budget year.

- The Capital Facilities Master Plan supports the facilities budgets and shows facilities projects by priority and expected year of implementation. The document is reviewed by the County Capital Facilities Committee, and projects are included in annual budget planning.

The County also maintains an Investment Policy. See "Investments of County Funds; County Pool."

These policies may be revised by the Board at their discretion.

Financial Statements

The County's financial statements for the fiscal year ended June 30, 2018, which have been audited by CliftonLarsonAllen LLP, Roseville, California, California, are included in Appendix B hereto. The County has not requested, nor has CliftonLarsonAllen LLP, given, consent to the inclusion in Appendix B of its report on such financial statements, nor have such accountants reviewed or performed any audit procedures in connection with the preparation of this Official Statement.

The following financial statements were generated from the County Auditor-Controller's Comprehensive Annual Financial Reports and from the office of the Auditor-Controller. In recent years, lease payments, like the Base Rental Payments, have been paid and are expected to be paid from the County General Fund, recorded as a general government expenditure (see Table 1 below). The financial and statistical information set forth herein does not purport to be a summary of the County's financial statements. The financial statements should be read in their entirety. The County's general-purpose financial statements for the year ended June 30, 2018 are attached to this Official Statement as Appendix B. The following statements are for information purposes only and do not constitute the complete financial statements of the County.

Table 1
County of Nevada
General Fund Statement of Actual Revenues, Expenditures and Changes in Fund Balance
Fiscal Years Ended June 30[1]

	2014	2015	2016	2017	2018
REVENUES:					
Taxes and assessments	$ 35,460,601	$ 37,349,227	$ 39,703,305	$ 41,768,590	$ 44,063,660
Licenses and permits	2,767,481	2,636,472	2,726,503	2,903,937	1,871,536
Fines and forfeitures	2,727,088	2,941,968	2,665,441	3,079,301	2,467,585
Use of money and property	477,724	343,693	416,777	517,678	1,657,325
Intergovernmental	2,508,986	4,278,351	3,159,385	2,457,748	3,909,212
Charges for services	7,204,082	8,011,244	7,726,611	8,097,887	7,786,573
Other revenues	1,321,428	1,063,236	1,127,911	1,486,389	1,430,673
Total Revenues	$ 52,376,390	$ 56,624,191	$ 57,525,933	$ 60,311,530	$ 63,186,564
EXPENDITURES:					
Current:					
General government	$ 9,741,054	$ 10,304,475	$ 10,624,832	$ 10,009,585	$ 11,512,434
Public protection	41,628,442	44,664,441	47,787,442	51,407,647	51,883,516
Public ways and facilities	-	-	-	-	-
Health and sanitation	104,745	133,842	108,023	197,686	237,495
Public Assistance	277,535	314,487	339,377	365,515	397,235
Education	43,685	42,690	48,352	47,041	43,167
Recreation	-	-	-	-	-
Debt service:					
Principal	59,115	-	-	-	-
Interest and other charges	237	-	-	-	-
Capital outlay	1,039,517	906,355	965,361	3,323,443	1,191,947
Total Expenditures	$ 52,894,330	$ 56,366,290	$ 59,873,387	$ 65,350,917	$ 65,265,794
Excess (Deficiency) of Revenues Over Expenditures	$ (517,940)	$ 257,901	$ (2,347,454)	$ (5,039,387)	$ (2,079,230)
OTHER FINANCING SOURCES (USES):					
Transfers in	$ 10,606,189	$ 10,551,939	$ 11,664,645	$ 14,933,603	$ 12,503,053
Transfers out	(6,654,992)	(8,009,530)	(7,157,267)	(7,404,838)	(9,526,557)
Issuance of debt	-	-	-	-	429,994
Sale of capital assets	2,014	3,286	-	3,375	26,028
Total Other Financing Sources (Uses)	$ 3,953,211	$ 2,545,695	$ 4,507,378	$ 7,532,140	$ 3,432,518
Net Change in Fund Balance	3,435,271	2,803,596	2,159,924	2,492,753	1,353,288
Fund Balance — Beginning	22,049,091	25,484,362	28,287,958	30,447,882	32,940,635
Fund Balance — Ending	$ 25,484,362	$ 28,287,958	$ 30,447,882	$ 32,940,635	$ 34,293,923

(1) This statement is a summary statement only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement.
Source: County of Nevada Audited Financial Reports.

Table 2
County of Nevada
Balance Sheet General Fund
Fiscal Years Ended June 30[1]

ASSETS	2014	2015	2016	2017	2018
Cash & Investments	$15,124,571	$20,545,947	$22,084,539	$20,366,552	$23,521,596
Accounts Receivable	786,189	877,915	833,809	870,412	1,898,622
Taxes Receivable	2,339,267	2,949,020	3,141,125	3,879,176	2,863,031
Due from Other Governments	2,184,444	1,449,473	1,893,969	4,210,397	5,252,176
Due from Other Funds	8,737,681	5,987,693	6,825,668	5,188,874	3,380,029
Deposits from Others					
Inventories					
Prepaids	57,182	57,182	83,451	58,484	57,182
Restricted Cash and Investments				3,200,000	2,422,708
Advances to Other Funds			130,000	130,000	1,476,465
Loans Receivable					
Total Assets	$29,229,334	$31,867,230	$34,992,561	$37,903,895	$40,871,809
LIABILITIES					
Accounts Payable	$805,110	$1,043,760	$1,417,123	$935,302	$1,637,762
Accrued Salaries and Benefits Payable	828,476	1,019,467	1,426,324	1,677,141	2,152,721
Deposits from Others					
Due to Other Funds	305,545	490,956	437,722	771,205	1,182,372
Advances to Other Funds					
Due from Other Governments			10,106	601	
Unearned Revenue		57,900		18,495	
Total Liabilities	$1,939,131	$2,612,083	$3,291,275	$3,402,744	$4,972,855
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	$1,805,841	$967,189	$1,253,404	$1,560,516	$1,605,031
FUND BALANCES					
Nonspendable	57,182	57,182	83,451	188,484	1,533,648
Restricted	761,423	784,297	784,297	4,050,272	3,405,260
Committed	3,967,000	7,080,000	7,080,000	7,080,000	7,080,000
Assigned	20,698,757	15,117,489	19,525,999	17,256,738	17,453,645
Unassigned		5,248,990	2,974,135	4,365,141	4,821,370
Total Fund Balances	$25,484,362	$28,287,958	$30,447,882	$32,940,635	$34,293,923
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$29,229,334	$31,867,230	$34,992,561	$37,903,895	$40,871,809

[1] This statement is a summary statement only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement.
Source: County of Nevada Audited Financial Reports.

General Fund Budgets

Set forth in following table is a summary statement of the adopted General Fund budget for Fiscal Year 2017-18, audited results for Fiscal Year 2017-18 and the adopted General Fund budget for Fiscal Year 2018-19.

Table 3
County of Nevada
General Fund Budgets
Fiscal Years Ended June 30

	2017-18 Adopted Budget	2017-18 Actual Amounts[1]	2018-19 Adopted Budget[2]
REVENUES:			
Taxes and assessments	$ 43,643,439	$ 44,063,660	$ 46,319,771
Licenses and permits	2,729,459	1,871,536	2,761,818
Fines and forfeitures	2,202,033	2,467,585	2,117,356
Use of money and property	989,677	1,657,325	1,262,631
Intergovernmental	3,182,273	3,909,212	2,814,767
Charges for services	7,518,471	7,786,573	7,752,921
Other revenues	896,135	1,430,673	1,718,414
Total Revenues	$ 61,161,487	$ 63,186,564	$ 64,747,678
EXPENDITURES:			
Current:			
General government	$ 12,571,081	$ 11,512,434	$ 13,776,111
Public protection	52,717,900	51,883,516	54,079,286
Education	43,678	43,167	46,775
Public assistance	394,727	397,235	362,834
Health and Sanitation	205,799	237,495	214,976
Debt service			
Capital outlay	240,166	2,745,728	157,245
Contingency	100,000		100,000
Total Expenditures	$ 66,273,351	$ 66,819,575	$ 68,737,227
Excess (Deficiency) of Revenues Over Expenditures	(5,111,864)	(3,633,011)	(3,989,549)
OTHER FINANCING SOURCES (USES):			
Transfers in	$ 12,632,048	$ 12,503,053	$ 12,794,116
Transfers out	(9,065,941)	(9,526,557)	(9,503,576)
Sale of capital assets		26,028	
Issuance of debt		429,994	
Total Other Financing Sources (Uses)	$ 3,566,107	$ 3,432,518	$ 3,290,540
Net Change in Fund Balance	(1,545,757)	(200,493)	(699,009)
Fund Balance — Beginning of Year	32,940,635	32,940,635	32,740,142
Fund Balance — End of Year	$ 31,394,878	$ 32,740,142	$ 32,041,133

(1) As shown in the County of Nevada Audited Financial Reports. This statement is a summary statement only.
(2) Subject to adjustment and revision.
Source: County of Nevada Auditor-Controller.

Adopted Fiscal Year 2018-19 Budget

The Fiscal Year 2018-19 budget adopted by the Board in June of 2018 (the "Adopted Fiscal Year 2018-19 Budget") includes General Fund expenditures totaling $68.7 million, with $64.7 million budgeted for revenues. Property taxes are budgeted at approximately $[[41.1]] million, equating to __% of total General Fund revenues. As referenced in "- State and Federal Funding of Counties," approximately 4.3% of the County's General Fund revenues are budgeted to be derived from State and federal agencies, with the federal government providing approximately 2.4% of those revenues. The health and human services departments operate outside of the General Fund, and receive substantial State and federal funds for assistance payments, and social services programs. State and federal revenues are 41% of the total County budget.

The Adopted Fiscal Year 2018-19 Budget reflects an increase in expenditures and other financing uses of just over $6.3 million dollars for all County budgets, a 2.8% increase from Fiscal Year 2017-18 levels. The Adopted Fiscal Year 2018-19 Budget reflects a "one time" net use of approximately $700,000 reserves to achieve a balanced budget. The County typically provides for the use of reserves in adopted budgets, but due to the fact the County also typically established revenues and expenditures at conservative levels, the use of budgeted reserves is usually not ultimately required. In addition, the County typically prepares budgets using the assumption that all vacancies are filled as of the start of the budget year. That assumption, along with a policy of reviewing all vacancies for timing and available funding, typically results in some vacancies remaining unfilled or being delayed. This has resulted in actual salaries and benefits being less than budgeted amounts by an average of $1.7 million per year for the past five years. The average annual budgeted use of reserves over the past five years has been $1.2 million while actual year-end results have shown average increases in the General Fund balance of approximately $2.2 million.

The County saw a significant reduction in revenue during the Great Recession, and numerous actions were taken by the Board of Supervisors to address the downturn and maintain the County's good financial position. County staffing stood at 986 full time equivalents in Fiscal Year 2008-09, declined to 773 in Fiscal Year 2013-14 (a 22% reduction), and now stands at 798 staff budgeted for Fiscal Year 2018-19. For the Fiscal Year 2018-19 Adopted Budget, County staffing increased from 789 positions to 798, with most of the increase due to a doubling of the voter-approved library transaction tax and related program expenditures.

During the Great Recession and subsequent recovery, the General Fund balance dipped from a peak of $21.5 million at June 30, 2011, down to $19.4 million at June 30, 2012, and it now stands at approximately $34.3 million as of June 30, 2018. In Fiscal Year 2006-07, the Board planned for a General Fund balance reduction by setting aside above-average property tax revenue as savings to be used to dampen the impact on funding of core services. Prior to the recession, property tax revenue, went from an average annual growth rate of 10.3% for the five years prior to the downturn, to -7.5% in Fiscal Year 2010-11. For the past four years (including projected amounts in the adopted budget for Fiscal Year 2018-19), property tax growth rates are back to their average historical growth rate of 5.5%, and that modest growth is expected to continue. Sales taxes allocable to the General Fund have shown a similar pattern, reaching a trough in Fiscal Year 2008-09, then growing slowly to reach their previous peak eight years later in Fiscal Year 2016-17, and showing approximately average 3-5% growth in recent years. Those trends are important to the County budget overall—while sales tax to the General Fund is only 7.5% of discretionary revenue, sales taxes are key sources of revenue for the Library, Transit, Roads, Public Safety, and Health and Human Service departments. Overall, the County has slowly recovered from the Great Recession and the County General Fund financial condition has been stable in recent years.

State and Federal Funding of Counties

Counties are the principal agents for providing services on behalf of the State, particularly in the areas of public health, welfare, judicial and corrections programs, as well as providers of local services in a variety of areas, including law enforcement, roads, libraries, agriculture, child support and various social service programs. As stated above, most of these programs operate outside of the General Fund, however the General

Fund does serve as a backstop to support programs that may be outside of the General Fund but are critical to the delivery of core services and priorities of the County. Substantial portions of many of these services are implementations of State mandated programs and State administered federal programs supported by State and federal revenues.

As to discretionary General Fund expenditures and the sources of revenue for those expenditures, approximately 4.3% of the County's General Fund revenues are derived from State and federal agencies. The tension between counties and the State is often the adequacy of State provided revenue for State mandated programs. Historically, the County has been able to reduce expenditures when necessary to match available funding sources, as required by law. A principal source of the County's revenues are payments from the State of California. The financial condition of the State has an impact on the level of these revenues. The County has established a Health and Human Services Agency Fund to account for the majority of the Public Health, Behavioral Health and Social Service programs. An additional special fund, the Health and Welfare Realignment Fund is used to account for direct allocations from the State for sale tax revenues dedicated to certain Health, Mental Health and Social Service programs. In 2011 significant additional programs for both Health and Human Service Agency and Law Enforcement services have been realigned, with dedicated funding from the State for those programs.

From time to time in the past, the State has experienced financial difficulties which resulted in reduced funding for local governments, including counties. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the "DOF"), http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at http://www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on counties in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriter, and neither the County nor the Underwriter takes any responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Property Taxes

The principal source of revenues for the General Fund Budget is property taxes. The County collects property taxes against all taxable real property and secured personal property on the secured assessment roll in two annual installments. Property taxes are derived on the basis of an ad valorem tax levied against the current assessed valuation of property in the County. Property taxes contributed approximately $39.2 million to General Fund revenues in the fiscal year ended June 30, 2018 (approximately 6.2% increase from the prior fiscal year), equating to approximately 61.0% of total General Fund revenues for that fiscal year.

The assessed valuation of property in the County is established by the County Assessor except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property as defined in Article XIIIA of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the California Constitution."

Taxes are levied for each fiscal year on taxable real and personal property, which is situated in the County as of the preceding January 1 lien date. Real property which changes ownership or is newly constructed is valued at the time the change in ownership occurs, or the new construction is completed or at the percentage of completion as of January 1. The current year property tax rate will be applied to the reassessment and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The secured roll is that part of the assessment roll containing State-assessed property and property for which taxes are a lien on real property sufficient in the opinion of the County Assessor to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments on November l and February 1 of each fiscal year and, if unpaid, become delinquent after December 10 and April 10 respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of one and one-half percent per month to the time of redemption plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of the January l lien date and become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

Assessed Valuation

As experienced by communities throughout the State and nation, the "Great Recession" of 2008 and following years adversely affected the County's local real estate market. In response to depressed market values and pursuant to State property tax law, the County Assessor identified and revalued those properties whose market value had fallen below the property's taxable Proposition 13 value. Approximately 18,000 properties out of a total of 58,790 parcels received lowered valuations under Proposition 8. As a result of lowered valuations, the County's local secured assessment roll declined from an earlier peak of $16.8 billion in Fiscal Year 2009-10 down to $14.9 billion in Fiscal Year 2012-13 as reflected in Assessed Valuation Table 4 below.

The County has benefited from the steady recovery of the local real estate market in recent years as both sales volume and property values have increased yearly. In response to the continuing recovery, the Assessor has annually analyzed and restored values to those properties whose values have increased up to its factored base year value as required by tax law. Beginning in Fiscal Year 2013-14, restored property values and improved transfer and new construction activity has resulted in annual increases to the assessment roll, year over year. As of mid-May 2018, 8,700 parcels remain with temporary lowered assessments, down from the high of 18,000 parcels in 2009.

The following table represents the ten-year history of assessed valuation in the County.

Table 4
County of Nevada
Assessed Valuation

Fiscal Year	Local Secured	Utility[1]	Unsecured	Total
2009-10	$16,769,888,355	$270,162,533	$391,003,163	$17,431,054,051
2010-11	15,537,324,628	264,690,037	394,380,861	16,196,395,526
2011-12	15,142,005,218	275,728,073	377,512,059	15,795,245,350
2012-13	14,945,038,224	269,747,411	358,435,747	15,573,221,382
2013-14	15,145,357,341	277,089,061	350,236,211	15,772,682,613
2014-15	15,922,822,171	289,966,690	346,626,732	16,559,415,593
2015-16	16,779,152,564	312,247,818	329,485,023	17,420,885,405
2016-17	17,576,391,601	324,525,865	323,930,936	18,224,848,402
2017-18	18,627,029,407	346,508,467	326,038,012	19,299,575,886
2018-19	19,799,219,782	366,988,365	363,208,498	20,529,416,645

(1) Includes unitary utility valuation.
Source: County of Nevada Final Tax Roll Information, Auditor/Controller's Office.

The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. The County Assessor determines and enrolls a value for each parcel of taxable real property in the County in accordance with Proposition 13, a ballot initiative approved on June 6, 1978 which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, as amended. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation. For more information on property tax limitations and adjustments, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS - Article XIIIA of the California Constitution" herein.

Pursuant to Article XIIIA, the assessed value of property that has not incurred a change of ownership or new construction shall be adjusted annually to reflect inflation at a rate not to exceed 2% per year as shown in the California consumer price index. This limit has applied to such increases in assessed values in all prior years of increasing property values. In the event of declining property value caused by substantial damage, destruction, economic or other factors, Article XIIIA allows the assessed value to be reduced temporarily to reflect the lower market value. Under the provisions of Proposition 8, when the market value of real property falls below the Proposition 13 taxable value, the County Assessor is required to enroll the market value of the property as of the January 1 lien date. In addition, all property owners have the right to appeal their assessed value. Proposition 8 value reductions are temporary. Properties subject to Proposition 8 are reviewed annually, and their values may be increased or decreased based on increases or decreases in market value. Proposition 8 properties are not subject to the 2% CPI factor. Properties assessed in accordance with Proposition 8 are annually assessed at their market value until such time that the market value exceeds the property's factored-Proposition 13 value.

Assessment appeals peaked at 291 in Fiscal Year 2019-10 during the Great Recession. As of November 1, 2018, there were four current assessment appeals.

Additional Information Concerning Property Values. The following table shows certain information concerning the assessed values of single family homes in the County as of May 1, 2018.

Table 5
County of Nevada
Per Parcel 2017-18 Assessed Valuation Of Single Family Homes
(as of May 1, 2018)

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	32,594	$11,417,388,349	$350,291	$295,303

2017-18 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	1,710	5.246%	5.246%	$ 41,965,195	0.368%	0.368%
$50,000 - $99,999	1,262	3.872	9.118	96,331,409	0.844	1.211
$100,000 - $149,999	2,229	6.839	15.957	285,346,651	2.499	3.711
$150,000 - $199,999	3,448	10.579	26.536	609,138,087	5.335	9.046
$200,000 - $249,999	4,230	12.978	39.513	952,166,398	8.340	17.385
$250,000 - $299,999	3,756	11.524	51.037	1,030,908,090	9.029	26.415
$300,000 - $349,999	3,303	10.134	61.171	1,071,752,733	9.387	35.802
$350,000 - $399,999	2,687	8.244	69.415	1,002,982,627	8.785	44.586
$400,000 - $449,999	2,062	6.326	75.741	873,263,156	7.649	52.235
$450,000 - $499,999	1,666	5.111	80.852	788,754,547	6.908	59.143
$500,000 - $549,999	1,256	3.853	84.706	657,378,151	5.758	64.901
$550,000 - $599,999	1,014	3.111	87.817	581,866,268	5.096	69.997
$600,000 - $649,999	727	2.230	90.047	453,224,823	3.970	73.967
$650,000 - $699,999	584	1.792	91.839	393,219,460	3.444	77.411
$700,000 - $749,999	504	1.546	93.385	365,216,497	3.199	80.610
$750,000 - $799,999	388	1.190	94.576	300,242,514	2.630	83.239
$800,000 - $849,999	319	0.979	95.554	262,841,955	2.302	85.541
$850,000 - $899,999	288	0.884	96.438	251,418,586	2.202	87.744
$900,000 - $949,999	215	0.660	97.098	198,833,292	1.741	89.485
$950,000 - $999,999	139	0.426	97.524	135,461,435	1.186	90.671
$1,000,000 and greater	807	2.476	100.000	1,065,076,475	9.329	100.000
	32,594	100.000%		$11,417,388,349	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

Beginning Fiscal Year 1993-94, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year end. Under this plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies. The County's General Fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan in 1993, the County was required to distribute to participating local agencies, 95% of the then accumulated, secured roll property tax delinquencies and to place the remaining 5% in the tax losses reserve fund, to cover losses which may occur in the amount of tax liens as a result of special sales of tax-defaulted property (i.e., if the sale price of the property is less than the amount owed). The amount required to be on deposit in the tax losses reserve fund is, at the election of the County, one of the following amounts: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. The County's tax losses reserve fund was to be fully funded, in accordance with the County's election to be governed by the first alternative, at $2,175,354 as of June 30, 2018. Accordingly, any additional penalties and interest that otherwise would be credited to the tax losses reserve fund are credited to the County's General Fund.

To fund the advances, the County borrows, from time to time, from its pooled cash and investments. The advances are secured by delinquent taxes receivable, to be repaid as delinquencies plus penalties (at 10%) and interest (at 18%) are collected. As of June 30, 2018, the outstanding net borrowing totaled approximately $3.36 million and was recorded as a reduction of cash in the County's General Fund.

The County General Fund secured tax levy and year-end delinquencies are shown below:

Table 6
County of Nevada
Secured Tax Levies and Delinquencies
Fiscal Years 2008-09 through 2017-18

Fiscal Year	Secured Tax Levy[(1)]	Unsecured Tax Levy	Total Tax Levy[(2)]	Amount Delinquent as of June 30[(3)]	Percent Delinquent as of June 30
2008-09	$191,210,832	$4,351,995	$195,562,827	$8,756,309	4.48%
2009-10	194,439,225	4,150,289	198,589,514	7,850,803	3.95
2010-11	184,260,769	4,174,830	188,435,599	5,937,307	3.15
2011-12	180,629,580	3,989,736	184,619,316	5,609,673	3.04
2012-13	178,799,397	3,171,244	181,970,641	4,138,472	2.27
2013-14	181,918,148	3,690,854	185,609,002	4,330,575	2.33
2014-15	190,518,997	3,672,132	194,191,129	3,659,244	1.88
2015-16	200,990,322	3,551,671	204,541,992	3,623,081	1.77
2016-17	211,349,940	3,500,008	214,849,948	5,121,146	2.38
2017-18	222,979,353	3,943,996	226,923,349	4,053,200	1.79

(1) County-wide secured tax levy. The levy amounts include voter-approved debt, special assessments, penalties, costs, and any applicable interest. They do not include supplemental taxes. The levy is based upon the equalized roll and all escaped assessments and County Assessor's roll corrections processed within the fiscal year.

(2) Includes aircraft levy.

(3) Reflects the current levies unpaid at year end. Currently the County's property tax system does not have the ability to track delinquent assessments by the respective year of the levy.

Source: County Auditor and Tax Collector.

The following tables represent the ten largest property taxpayers of local secured property taxes within the County, the largest unsecured taxpayers and the largest utility taxpayers in the County:

Table 7
County of Nevada
Largest Secured Property Taxpayers 2018-19

Property Owner		Secured Taxes	Percentage of Total
Pine Creek Owner LLC	$	440,362.98	0.2%
Tahoe Club Company LLC		354,856.24	0.1
Hidden Lake Properties Inc		267,587.56	0.1
RI-Grass Valley LLC		262,834.36	0.1
Longs Drug Store		252,340.14	0.1
Kenmawr-Nevada City LLC		208,742.16	0.1
LDK GC 81 LLC		198,896.32	0.1
GVSC LLC		190,382.80	0.1
Gateway at Donner Pass LP		190,397.32	0.1
Abbate James A & Sabra Trstes Etal		173,529.20	0.1
Total	**$**	**2,540,229.08**	
Total Secured Taxes Levied	**$**	**239,413,809.33**	

Source: County Treasurer-Tax Collector.

The following table shows the ten largest unsecured taxpayers in the County, and the largest utility taxpayers.

Table 8
County of Nevada
Largest Unsecured Property Taxpayers 2018-19

Property Owner		Unsecured Taxes	Percentage of Total
Boreal Ridge Corp	$	204,507.60	5.19%
Tahoe Donner Prop Owners Assoc		99,441.95	2.53
Altice USA		90,049.54	2.29
Comcast of California IX Inc		82,354.68	2.09
Netjets Aviation Inc		56,425.61	1.43
Raley's Supermarket Inc		46,131.48	1.17
Teichert A & Son		37,848.06	0.96
AJA Video Systems Inc		33,145.77	0.84
Truckee Craft Brewing		29,877.49	0.76
Durham School Services LP		27,845.03	0.71
Total	**$**	**707,627.21**	
Total Secured Taxes Levied	**$**	**3,937,368.39**	

Source: County Treasurer-Tax Collector.

Table 9
County of Nevada
Largest Utility Taxpayers 2018-19

Property Owner		Public Utility Taxes	Percentage of Total
Pacific Gas and Electric Company	$	2,635,319.18	66.17%
AT&T Communications		299,885.74	7.53
Southwest Gas Corporation		252,745.42	6.35
Liberty Utilities		129,616.48	3.25
Verizon Wireless		120,497.58	3.03
NV Energy		97,273.80	2.44
Union Pacific Railroad Company		93,746.46	2.35
AT&T Mobility		77,111.04	1.94
CVIN LLC		70,142.90	1.76
T-Mobile		30,822.06	0.77
Total	**$**	**3,807,160.66**	
Total Public Utility Taxes Levied	**$**	**3,982,709.25**	

Source: County Treasurer-Tax Collector.

Sales Taxes

The State collects a tax on retail transactions within the County and rebates 1% to the County. The allocation is in addition to the half-cent sales tax allocated for public safety purposes pursuant to Proposition 172, which amounts are deposited to a separate revenue fund of the County, rather than the General Fund, and transferred to the appropriate fund or budget unit. Sales and use taxes contributed approximately $3.9 million to General Fund revenues in Fiscal Year 2017-18, equating to approximately 6.1% of total General Fund revenues for that fiscal year.

Transient Occupancy Taxes

The County collects transient occupancy tax (“TOT”) revenues from hotel operators for the privilege of occupancy in any hotel as a percentage of the rent charged by the operator. The tax constitutes a debt owed by the transient to the County, which is extinguished only by payment to the operator, or to the County. TOT revenues contributed approximately $515,874 in Fiscal Year 2017-18. While TOT is not a major contributor to the County’s General Fund revenues, it is an important source of discretionary revenue. TOT has increased significantly in the past two years due to an agreement with AirBNB to collect revenues on the County’s behalf for AirBNB properties. In addition, in Fiscal Year 2018-19 the County initiated a contract with Host Compliance to monitor and assist in TOT collections of other short-term rental properties.

Cannabis Tax

On November 6, 2018, voters in the County approved Measure G, which allows for the taxation of cannabis operations in the unincorporated areas of the County commencing January 1, 2019. Any tax revenues generated would be available for general governmental purposes under the discretion of the Board of Supervisors. The ballot materials relating to Measure G included a discussion of the potential fiscal impact prepared by the County Auditor-Controller, which noted that any revenues generated (and collection and enforcement costs related thereto) depend on a number of unpredictable and variable factors that make them difficult to project, including the number and type of businesses ultimately subject to the cannabis tax, consumer demand and other factors. In addition, any revenues which may arise in the future may be negatively affected or completely eliminated by changes in federal or State policy or other factors. Subject to the foregoing, based on a consultant’s study (which itself is subject to a number of assumptions and qualifications), the ballot materials prepared in connection with Measure G stated that estimated revenues from the cannabis operations tax could ultimately be $1.7 million or more. However, there can be no assurances that the County will ultimately realize any revenues from the imposition of the tax on cannabis operations.

Defined Benefit Pension Plan

The County's required payments with respect to pensions for County's employees represent a significant financial obligation of the County. The County's annual required payments have increased significantly over the last several years, and are expected to continue to increase significantly. Following is certain summary information concerning the County retirement obligations. For additional information, see Note 12- "Employees' Retirement Plan" and the Required Supplementary Information in APPENDIX A – "COUNTY OF NEVADA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

[[REVISE TO REFLECT USE OF AMOUNTS FROM PENSION TRUST]] The Board has been and continues to be proactive in using tools at its discretion to manage the County's pension liability. A second tier of benefits with reduced pension formulas was added to all pension plans prior to the January 1, 2013 at which time a third tier was added in accordance with PEPRA legislation (described below). In Fiscal Year 2016-17, the Board of Supervisors added $3.6 million to the pension liability assignment of the General Fund, and in that same year a $2.4 million IRS 115 Irrevocable Pension Fund was established to assist with paying for increasing pension costs. The County continues to review further actions and expects the Board to consider a Pension Funding Policy with or before the adoption of the Fiscal Year 2019-20 budget.

All qualified permanent and probationary employees are eligible to participate in the County's Safety (sheriff and certain district attorney members) or Miscellaneous (all others) Plans. The County's Safety Plan is a cost-sharing multiple-employer defined benefit plan while the Miscellaneous Plan is an agent multiple-employer defined benefit pension plan. The County's Safety and Miscellaneous Plans are part of the California Public Employees Retirement System ("CalPERS"), a public employee retirement system which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and other requirements are established by State statute and County resolution. The County's defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The County selects optional benefit provisions by contract with CalPERS and adopts those benefits through County ordinance.

All pension plans provide benefits, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans. COLAs are granted to retired members each May based upon the Bureau of Labor Statistics Average Consumer Price Index for All Urban Consumers for the previous calendar year and is subject to a maximum of 2% per annum. For additional information concerning benefits, see Note 12- "Employees' Retirement Plan" and the Required Supplementary Information in APPENDIX A – "COUNTY OF NEVADA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

In September 2012, the Governor approved Assembly Bill 340 ("PEPRA"). Among other things, PEPRA establishes new retirement formulas for employees hired on or after January 1, 2013 ("PEPRA Members") and prohibits public employers from offering defined benefit formulas to PEPRA Members that exceed the benefits authorizes under PEPRA. In addition, PEPRA amends existing laws to redefine final compensation for purposes of pension benefits ("Pensionable Compensation") for PEPRA Members. PEPRA increases the retirement age for new State, school, city and local agency employees depending on job function and limits the annual PERS and STRS pension benefit payouts. Further, PEPRA mandates equal sharing of normal costs between the County and PEPRA Members employed thereby and that PEPRA members pay at least 50% of normal costs and that employers not pay any of the required employee contribution for PEPRA Members.

County Payments. The following table shows the County's actuarially determined contributions to PERS for the last three years. See Note 12- "Pension Plans" and the Required Supplementary Information in Appendix A. The amounts in the table do not include County payment of the employee's share. The County pays the employee share for both miscellaneous and safety plan for certain members of Tier 1 and 2.

Table 10
PERS ACTUARIALLY DETERMINED CONTRIBUTION

Fiscal Year	Miscellaneous Actuarially Determined Contribution	Safety Actuarially Determined Contribution	Total Actuarially Determined Contribution	Percentage Contribution
2015	$9,508,354	$2,010,534	$11,518,888	100%
2016	11,504,051	2,121,455	13,625,506	100
2017	14,166,315	2,880,560	17,046,875	100
2018	14,974,656	3,191,727	18,166,383	100

Source: The County.

Based on the Fiscal Year 2018-19 Adopted Budget, the County estimates that the total actuarial contribution for Fiscal Year 2018-19 will be approximately $__ million. (Pursuant to collective bargaining arrangements, the County pays a percentage of the employee share for certain units, and the employees pay a portion of the County share. Such amounts generally offset each other on an annual basis.)

PERS Rate Increases. In recent years, PERS has implemented policies and practices that have resulted in large increases in annual pension costs to members and a recognition of increased unfunded liabilities. The policy changes are meant to help ensure the pension plans are financially sound and that they become fully funded. Changes in actuarial smoothing and mortality assumptions were implemented in Fiscal Year 2015-16. In February 2016 PERS lowered the actuarial earnings assumptions. PERS also recently revised its policy concerning amortization of unfunded liabilities, which is also expected to result in increased required contributions. The new amortization policy has raised concern that the policy may result in financial difficulties for stakeholders, and PERS is considering implementing revised guidelines for extension of the amortization period under financial necessity. With all of these changes, in the most recent actuarial report PERS projects that by Fiscal Year 2024-25, contribution rates may increase by more than 30% from Fiscal Year 2018-19 rates. Actual contribution rates for the County will depend on a variety of factors, including but not limited to actual investment returns, and future changes to benefits or actuarial assumptions. There can be no assurances that actual increases will not exceed projections.

Funding Status. The funded status of the plans (market value basis) as of the most recent actuarial valuation date is as follows (in thousands):

TABLE 11
MISCELLANEOUS PLAN FUNDED STATUS

Valuation Date	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/13	$377,199,576	$250,042,966	$127,156,610	66.3%	$43,820,534
06/30/14	408,145,929	285,922,892	122,223,037	70.1	41,440,662
06/30/15	424,212,825	284,404,226	139,808,599	67.0	43,465,732
06/30/16	443,930,990	278,878,234	165,052,756	62.8	45,819,953
06/30/17	470,115,059	303,925,627	166,189,432	64.6	47,998,446

Source: PERS Actuarial Report as of June 30, 2017.

TABLE 12
SAFETY FIRST TIER FUNDED STATUS

Valuation Date	Accrued Liability	Share of Pool's Market Value of Assets	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2013	$73,945,807	$53,572,216	$20,373,591	72.4%	$4,758,712
06/30/2014	80,867,441	61,654,414	19,213,027	76.2	4,561,941
06/30/2015	84,602,371	61,832,253	22,770,118	73.1	4,472,679
06/30/2016	88,408,265	60,488,744	27,919,521	68.4	4,714,815
06/30/2017	93,576,098	65,704,221	27,871,877	70.2	5,051,438

Source: PERS Actuarial Report as of June 30, 2017.

TABLE 13
SAFETY SECOND TIER FUNDED STATUS

Valuation Date	Accrued Liability	Share of Pool's Market Value of Assets	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2013	$35,124	$28,305	$6,819	80.6%	$247,815
06/30/2014	129,625	141,527	(11,902)	109.2	344,145
06/30/2015	240,077	251,711	(11,634)	104.8	391,865
06/30/2016	357,456	339,532	17,924	95.0	497,562
06/30/2017	571,532	555,819	15,713	97.3	531,308

Source: PERS Actuarial Report as of June 30, 2017.

TABLE 14
PEPRA SAFETY COUNTY PEACE OFFICER FUNDED STATUS

Valuation Date	Accrued Liability	Share of Pool's Market Value of Assets	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2013	$755	$1,108	$(353)	146.8%	$53,648
06/30/2014	43,618	45,883	(2,265)	105.2	194,424
06/30/2015	149,498	142,135	7,363	95.1	413,716
06/30/2016	231,006	204,770	26,236	88.6	434,206
06/30/2017	433,379	406,968	26,411	93.9	819,091

Source: PERS Actuarial Report as of June 30, 2017.

Changes to Pension Reporting. On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new standards are set forth in GASB Statements 67 and 68 and replaced GASB Statement 27 and most of GASB Statements 25 and 50. The changes will impact the accounting treatment of pension plans in which state and local governments participate, including the County's pension plans. Major changes include: 1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); 2) more components of full pension costs will be shown as expenses regardless of actual contribution levels; 3) lower actuarial discount rates will be required to be used for underfunded plans in certain cases for purposes of the financial statements; 4) closed amortization periods for unfunded liabilities will be required to be used for certain purposes of the financial statements; and 5) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period.

In addition, GASB Statement 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The reporting requirements for pension plans took effect for the fiscal year beginning mid-2013 and the reporting requirements for government employers took effect for the fiscal year beginning mid-2014. The Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2018 reflected implementation of the new GASB requirements, and resulted in the recognition of a net pension liability of approximately $185.3 million. For additional information, see APPENDIX A – "COUNTY OF NEVADA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

Other Post Retirement Benefits

The County provides post-employment medical insurance, under a defined benefit plan, retiree healthcare benefits to qualifying employees retiring directly from the County. The benefit level is determined by date of hire and length of service. The County has contracted for medical coverage to be provided through an agent multiple-employer Cal PERS Healthcare ("PEMHCA") plan. For additional information concerning the County's other postretirement benefits, see Note 13 in APPENDIX A – "COUNTY OF NEVADA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

The County pays the least expensive available plan single premium up to Medicare eligible age for retirees with more than 20 years of County Service. Employees hired before July 1, 2000, with less than 20 years of County service at retirement, receive a fixed stipend amount based on the employee's number of years of continuous County service. After reaching Medicare eligible age, the County also pays 80% of the least expensive Medicare supplemental plan single premium for all retirees hired before July 1, 2000 and for employees hired after July 1, 2000 with 20 years of County service. For safety employees with disability retirement, the County pays 100% of the least expensive medical single premium for life. For employees hired on or after July 1, 2008, and who retire from the County, the County will continue to provide access to medical insurance coverage for those employees who retire from employment with the County and who constitute "annuitants" as defined by PEMHCA only.

The County currently pays the post-employment medical insurance premiums to PERS. The County funds such benefits on a pay-as-you-go basis. The County's contribution rates vary annually as a result of actuarial calculations, experience of the County's employees, benefits provided under the contract, and quadrennial changes in actuarial assumptions, and could vary materially from year to year. Payments for this benefit were approximately $2.2 million in Fiscal Year 2017-18 and are estimated to be $__ million in Fiscal Year 2018-19.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which became effective for fiscal years for the County for Fiscal Year 2017-18. The County audited financial statements for the fiscal year ended June 30, 2018 were prepared in accordance with GASB Statement No. 75. The tables below present certain information relating to the County's OPEB obligations pursuant to GASB Statement No. 75.

The County's total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of that date. The changes in total OPEB liability as of June 30, 2018 are set forth in the table below.

Table 15
Total OPEB Liability as of June 30, 2018

Service Cost	$1,283,000
Interest on the total OPEB liability	3,504,000
Changes in assumption	
Benefit payments	(2,943,000)
Net change in total OPEB liability	$1,844,000
Total OPEB liability (as of June 30, 2016)	52,083,000
Total OPEB liability (as of June 30, 2017)	$53,927,000

Source: County Audited Financial Statement For Fiscal Year Ended June 30, 2018

Certain information relating to the County's OPEB contribution is set forth in the tables below. See Note 13 in APPENDIX A – "COUNTY OF NEVADA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018" for certain information relating to actuarial assumptions relating to the County's OPEB obligation.

Table 16
Schedule of County's OPEB Contribution as of June 30, 2018

Actuarially Determined Contribution	$4,059,000
Contributions in Relation to the Actuarially Determined Contribution	(4,261,000)
Contribution Deficiency (Excess)	$(202,000)
Covered Payroll	55,204,000
Contributions as a Percentage of Covered Payroll	7.72%

Source: County Audited Financial Statements For Fiscal Year Ended June 30, 2018

The County has established an irrevocable trust with PERS - California Employers' Retiree Benefit Trust Fund (CERBT) to deposit the contributions above the current year pay-as-you-go portion. CERBT issues a publicly available financial report including GASB 43 disclosure information in the aggregate with the other CERBT participating employers. That report may be obtained by contacting PERS, P.O. Box 942703, Sacramento, CA 94229-2703.

Outstanding General Fund Debt

Following is a summary of outstanding long-term obligations of the County payable from the General Fund as of June 30, 2018:

Solar Equipment Lease/Loans. In August 2016, in connection with the financing of solar equipment at various County facilities, the County entered into an equipment lease in the principal amount of $10,806,000, payable in semi-annual payments. Annual fiscal year payments range from $573,052 to $844,445 with an interest rate of 3.21% and maturing in 2036. The County concurrently entered into a loan agreement in the amount of $1,975,000 payable in semi-annual interest payments on February 1 and August 1 and principal payments paid on August 1. Annual fiscal year payments range from $159,810 to $160,773 with an interest rate of 2.56% and maturing in 2031.

Other Loans. As of June 30, 2018, the County also had approximately $5.2 million of other obligations outstanding.

See APPENDIX B – "AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED JUNE 30, 2018."

County Landfill Closure/Post Closure Costs

The County is responsible for one closed and one inactive solid waste landfill site. State and federal laws and regulations require the County to place a final cover on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. Such laws and regulations require post closure maintenance and monitoring for thirty years after the date of closure and that a closure plan be accepted and approved by the California Integrated Waste Management Board. The County is required by the California Code of Regulations to demonstrate financial responsibility for postclosure maintenance costs. The County has met this requirement for the closed landfill through a pledge of annual parcel charges. A pledge of the remaining fund balance for the inactive landfill is pending approval by the California Integrated Waste Management Board.

GASB Statement No. 18 requires a portion of these closure and postclosure care costs be reported as an operating expense in each period based on landfill capacity used as of each statement of net assets date. Since the landfills are no longer accepting waste, the entire estimated expense and liability have been reported. As of June 30, 2018, the County's estimated remaining liability for post closure maintenance costs for the closed landfill was approximately $5.0 million. These estimates are based on the amount that would be paid if all equipment, facilities, and services required to close and/or monitor the landfills were acquired as of June 30, 2018. Actual costs may be higher due to inflation, change in technology, or changes in regulations. The County has applied the annual inflation factor to the liability each year and has reduced the liability by actual expenses incurred.

Statement of Direct and Overlapping Debt

Contained within the County are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds. Set forth below is a statement of direct and overlapping debt as of June 30, 2018 (the "Debt Statement") prepared by California Municipal Statistics, Inc. The Debt Statement is included for general information purposes only. The County has not reviewed the Debt Statement for completeness or accuracy and makes no representations in connection therewith.

The Debt Statement generally includes long term obligations sold in the public credit markets by public agencies other than the County whose boundaries overlap the boundaries of the County in whole or in part. Such long term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases long term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the debt statement.

Table 17
County of Nevada
Direct and Overlapping Debt
As of May 1, 2018

2017-18 Assessed Valuation:$18,894,036,773 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/18
Sierra Joint Community College District School Facilities Improvement District No. 1	33.056%	$ 9,003,123
Sierra Joint Community College District School Facilities Improvement District No. 2	100.	29,026,156
Nevada Joint Union High School District	99.400	25,223,505
Tahoe-Truckee Joint Unified School District	31.437	1,282,630
Tahoe-Truckee Joint Unified School District School Facilities Improvement District No. 1	55.874	66,070,981
Tahoe Forest Hospital District	33.027	33,048,468
Truckee Donner Public Utility District Community Facilities District No. 03-1	100.	9,502,700
Truckee Donner Public Utility District Community Facilities District No. 04-1	100.	30,930,000
City and Special District 1915 Act Bonds	100.	1,242,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$205,329,563
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Nevada County Certificates of Participation	**100. %** (1)	**$19,025,465**
Nevada County Board of Education General Fund Obligations	100.	1,112,893
Sierra Joint Community College District Certificates of Participation	19.714	940,358
Town of Grass Valley General Fund and Pension Obligations	100.	5,207,679
Town of Truckee General Fund Obligations	100.	8,497,000
Truckee Donner Recreation and Park District Certificates of Participation	100.	19,670,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$54,453,395
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$21,240,000
COMBINED TOTAL DEBT	(2)	$281,022,958

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.09%
Combined Direct Debt ($19,025,465) 0.10%
Combined Total Debt 1.49%

Ratio to Redevelopment Incremental Valuation ($468,661,308):
Total Overlapping Tax Increment Debt 4.53%

Source: California Municipal Statistics, Inc.

Investments of County Funds; County Pool

All funds in the County Treasurer's Pooled Investments (the "County Pool") are invested by the County Treasurer according to the County's Statement of Investment Policy (the "Investment Policy") prepared by the County Treasurer. The Investment Policy is submitted to the Board for review and approval on an annual basis, and the Treasurer presents a performance review of the County Pool to the Board on a quarterly basis. The County Pool represents moneys deposited by the County and school and special districts within the County. The Investment Policy requires that all investments comply with the California Government Code, and provides that the County Treasurer will establish and define authorized investments as well as credit, marketability, maturity and diversification criteria for the investments. As a matter of current policy, the Treasurer will not accept funds from districts or agencies that are not legally required to deposit their funds into the Treasury Pool. As of October 31, 2018, approximately 59% of investments in the Treasury Pool were held for school district, community colleges and other entities in the County.

Decisions on the investment of funds in the Treasury Pool are made by the Treasurer and her deputies in accordance with established policy guidelines. In the County, investment decisions are governed by California Government Code Sections 53601 and 53635, et seq., which govern legal investments by local agencies in the State of California, and a more restrictive Investment Policy proposed by the Treasurer and adopted by the Board on an annual basis.

The Investment Policy provides first for the safety of capital, secondarily for liquidity and third for yield of investments. No investment shall exceed five years in maturity unless pre-approved by the Board.

The following table sets forth information with respect to the County Investment Pool as of the close of business on May 31, 2018.

Table 18
POOLED INVESTMENT FUND OF THE COUNTY
As of October 31, 2018

	Net Market Value	Percentage of Total Net Market Value
INVESTMENTS		
CDs Book Value	$ 20,298,241.10	11.49%
Commercial Paper Book Value	-	0.00
Corporate Notes Book Value	30,037,750.00	17.01
Cash/Money Market Funds Book Value	17,508,548.09	9.91
Municipal Bonds	21,928,615.50	12.42
US Treasury & Fed Agency Securities Book Value	86,824,150.00	49.17
TOTALS[(1)]	$ 176,597,304.69	100.00%

(1) Total may not equal sum due to rounding.
Source: Treasurer-Tax Collector.

Term To Maturity	Amount Invested	Percentage of Total
Less than 1 year	$123,609,797.45	46%
1 to 2 years	34,122,872.66	13
2+ years to 3 years	29,620,856.29	11
3+ years to 4 years	43,938,174.26	16
Cash/Money Market Funds Book Value	35,556,718.62	13
TOTALS[1]	$266,848,419.28	100

(1) Total may not equal sum due to rounding.
Source: Treasurer-Tax Collector.

For additional information regarding the County's investments, see Note 3 to the Basic Financial Statements in APPENDIX B – "AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED JUNE 30, 2018."

Certain Economic and Demographic Data

The following tables contain certain economic and demographic data concerning the County.

Population. The following table displays the estimated population as of January 1 for the County and the incorporated cities within the County.

Table 19
Estimated Historical Population
County of Nevada and Incorporated Cities
(As of January 1)

	2014	2015	2016	2017	2018
Grass Valley	12,953	12,967	12,955	13,035	13,041
Nevada City	3,152	3,272	3,260	3,232	3,226
Truckee	15,335	15,345	15,370	16,271	16,681
Balance of County	66,326	66,453	66,510	66,075	66,207
Nevada County	97,766	98,037	98,095	98,613	99,155

Source: State Department of Finance, Report E-4 - Population Estimates for Cities, Counties, and State, 2011-2018, with 2010 Benchmark.

Unemployment. The following table contains a summary of the County's unemployment data (seasonally unadjusted). As of October 2018, the State Employment Development Department reported that the unemployment rate in the County was 3.3%

Table 20
Historical Unemployment
Nevada County

	Annual 2013	Annual 2014	Annual 2015	Annual 2016	Annual 2017
Total Labor Force	48,170	47,960	48,140	48,310	48,670
No. Employed	44,270	44,820	45,530	46,000	46,370
No. Unemployed	3,900	3,140	2,610	2,310	2,000
Unemployment Rate	8.1%	6.5%	5.4%	4.8%	4.1%

Source: State Employment Development Department.

Major Employers. The following table provides a listing of 10 major employers in the County, listed by number of employees.

Table 21
Major Employers
(as of _________)

	Company	Employees
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Source:

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