

Nevada County 2018-19 Proposed Budget

Richard A. Haffey,
County Executive Officer

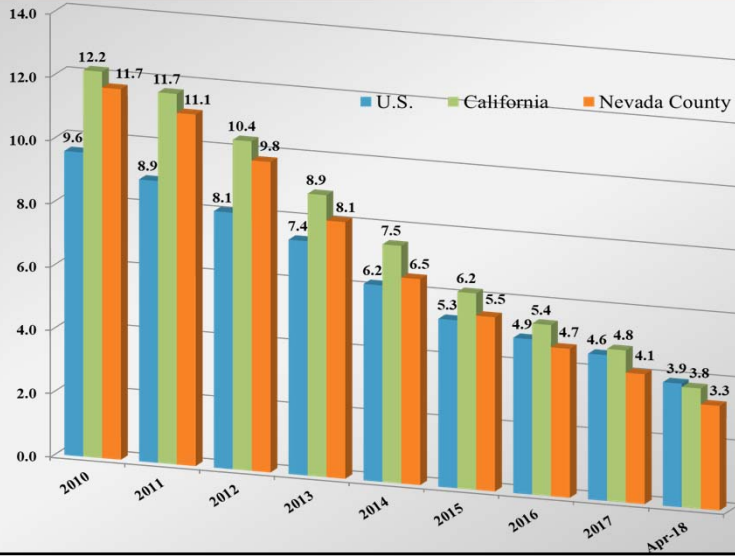


Total County Budget: (in millions)

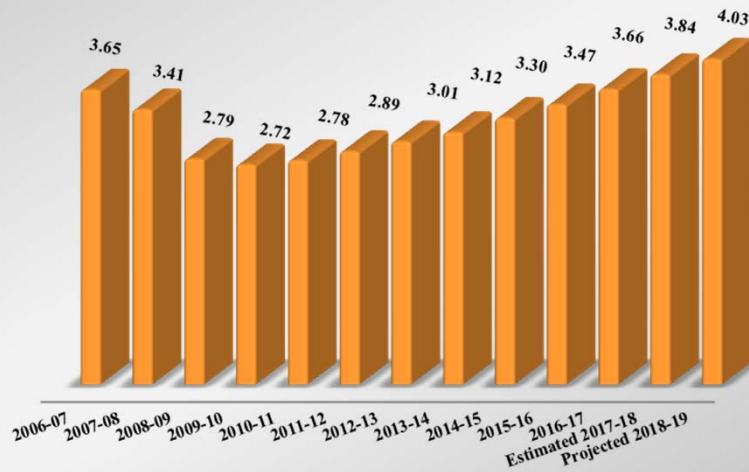


Note: Area in blue is the effect of 2011 realignment

Unemployment Rates:



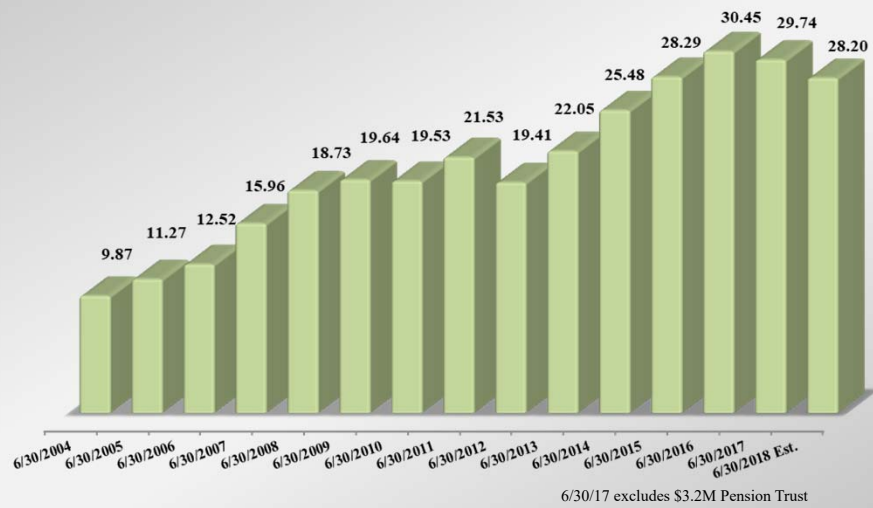
Sales Tax Trends (In millions)



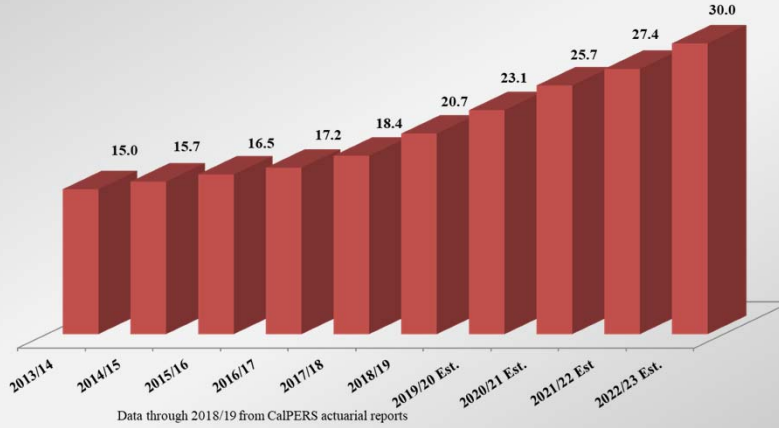
Property Tax Growth Rate



General Fund Balance: (in millions)



Total Cost of County Pensions (in millions)



Public Pension Cost Control Policies:

Employee paid contributions Early adoption of retiree health insurance pre-funding Elimination of County Paid retiree health insurance Full Employee paid contribution 2nd tier of benefits



3rd Tier of Benefits

Added \$3.6M in FY1617 for total \$7.2M for future pension pmts

Authorized Pension Trust Fund to stabilize pension contributions

Continued review of further actions

- Never authorized "spiking of pensions"
- Focused staff reductions including alternate delivery methods such as contract for services

Challenges on the Horizon:

- **Pension Costs**
- **State Budget & Realignment**
- **Tepid Economic Recovery**
- **Next Recession (2019?)**
- **Capital Facilities**
 - **Operations Center** (final planning phase)
 - **McCourtney Road Transfer Station Improvements** (planning phase)
 - **Juvenile Hall Re-Use Options** (planning phase)
 - **Jail Reconfiguration** (future consideration)

2018-19 Budget Presentation Agenda

- **Budget Policies**
- **Development & Format**
- **Update How the Budget Gap Was Balanced**
- **Budget Highlights**
- **Fund Balances & Reserves**
- **Overview Revenue, Expenditures (and Pensions)**
- **State & Federal Budget Impacts**
- **Nevada County Preparations**

2018-19 Budget Policies

Fiscally Prudent

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

Maintain Service Levels

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

Transparency

- Budget format and terminology standardized for public presentation

Budget Format

PROBATION
Michael Ervick, Chief Probation Officer

- Probation (0020)
- Nevada Bill (0010)
- Nevada Bill Replacement (0012)
- 2011 Reorganization - Adult PRC (0014)
- 2011 Reorganization - Nevada Justice YOUNG/No Entry (0018)
- 2011 Reorganization - Nevada Justice Probation LLEWIS (0020)

Probation Summary			
	1617	1718	1719
	Actual	Actual	Estimate
Revenue			
Taxes	-	-	-
License, Permit & Franchise	-	-	-
Fees, Fines, & Penalties	1,630	1,309	4,388
Use of Money & Property	22,541	47,480	22,350
Patrol/Non-Departmental	4,344,570	3,081,637	3,833,994
Charges for Services	494,854	314,500	225,727
Miscellaneous Revenue	14,872	11,200	6,707
Other Financing Sources	4,168,143	4,122,872	4,125,147
General Fund Transfer	-	-	-
General Fund Allocation	6,177,381	4,314,632	4,568,407
Total Revenue	11,077,611	11,829,961	12,145,892
Expenses			
Salaries & Benefits	6,052,319	6,273,832	5,789,502
Services & Supplies	2,080,292	993,954	1,422,842
Other Charges	908,228	815,991	148,983
Outland Cost Allocation (AS?)	484,874	824,973	324,940
Capital Assets	-	-	-
Other Financing Use	1,397,215	1,214,643	1,811,743
Interfund Activity	(10,416)	(134,830)	(108,891)
Contingency	-	-	-
Total Expenses	10,812,028	10,388,123	10,226,901
Fund Balance Added (Cost)	2,265,583	1,441,838	1,918,991
Surplus	265,583	441,838	691,991

	See 10, 2018	Proposed	FT 1819	Revenue
GENERAL FUND	Fund # 0101	-	-	1,764,481
COM CORE PERFORM INCENT	Fund # 1122	1,718,117	426,183	-
CONSTRUCTION TRAINING	Fund # 1133	360	21,240	-
WARD WELFARE FUND	Fund # 1139	4,845	720	-
PROBATION ASSET FUND	Fund # 1412	2,139	20	-
ELT/WELFARE LOCAL TRUST	Fund # 1480	262,065	224,413	-
LEP 2011 - PUBLIC SAFETY	Fund # 1482	1,429,446	3,104,006	-
YOUTH OFFENDER BLACK GUN	Fund # 1438	61,431	200,000	-
LAW DEPARTMENT SVCS - DCFA	Fund # 1840	371,417	393,316	-
				12,944,811

* See General Fund Balance and Reserve in Section 1 for the FY 2018-19 General Fund

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 providing rehabilitative Evidence Based Practices and Interventions.

Service Description:
The Probation Department is responsible for the administration of the adult and juvenile divisions including Court services, supervision services, alternative custody programs and Juvenile Hall. Additionally, the Probation Department supervises Probation, Post Release Community Supervision, Mandatory Supervision cases, specialty court caseloads, such as Adult Mental Health court, Adult and Juvenile Drug Courts, Prop. 56 Court, and D21 Court. Further, the Probation Department is one of five pilot counties to implement SB1004, an innovative new diversion program for Transitional Age Youth (18-21). As a criminal justice leader the Probation Department is charged with performing mandated trials, 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 timely detention of youth placed into detention by the courts and law enforcement agencies, advocacy for the rights of crime victims, performing evidence based practices and tracking outcomes for adult placement and all levels of probation. There are a myriad of services required to be performed by the Probation Department under the standards of the Penal Code, Welfare and Institutions Code and Health and Safety Code. Additional performance measures are found in the Federal Title IV-E regulations as well as State of California Division 31 Welfare Regulation and an Assembly Bill 109 and Senate Bill 1004. Additional requirements for service, supervision status, registration and notification are being added by Proposition passed by voters and Federal and State Court decisions on a regular basis. In addition, the Probation Department supports Nevada County's Superior Court in the operation of specific programs. The Probation Department discharges these tasks through a variety of programs including the adult and juvenile work release program, juvenile and adult GPS electronic monitoring program, victim support, Cognitive Behavioral Group and Drug incarceration.

Major Accomplishments in 2017-18:

- Implemented SB1004 Transitional Age Youth (TAY) Program to offer community supervision and additional age relevant services diversion program to individuals 18-21 years of age.
- Improved internal fiscal reporting requirements by setting up systems to meet quarterly and year-end accounting deadlines, and maximize discretionary funding in line of general fund.
- Reduced recidivism rate for all 100 population to 10% (down 14.75% last year) by providing accountability, intensive supervision strategies and evidence based approaches.
- Secured contracts with Project HEART, New Events and Opportunities (NEO) and SPIRT Center through funds from the Board of State and Community Corrections' Recidivism Reduction Grant to provide mentorship for adults, juveniles and those with mental illness.
- Initiated a collaboration with PEUCSAC, as the Results First initiative and will undergo a complete cost benefit analysis of all criminal justice related events (arrest, jail stay, treatment program, trial). The cost benefit analysis will place a dollar amount on everything the Probation Department and other justice partners do. This will benefit the county as a whole to ensure prudent use of all funding streams of each agency.

Objective & Performance Measures for 2018-19:

Objective:
Maintain fidelity to adult best practices to reduce recidivism.

Performance Measures:

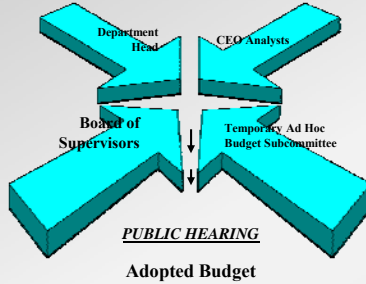
- Perform case plans on 90% of high and moderate risk offenders.
- Provide 50 dosage hours of evidence based programming to 70% of high risk offenders during first year of supervision.

NEVADA COUNTY BUDGET 18-19 2-099

NEVADA COUNTY BUDGET 18-19 2-402

NEVADA COUNTY BUDGET 18-19 2-402

Budget Development



Collaboration

Transparency

County Budget Portal



Budget Documents

- [2018 Board Objectives](#)
- [Budget Calendar 18-19](#)
- [Core Services \(PDF\)](#)
- [2018-19 Nevada County Proposed Budget](#)

2018/19 Budget Gap (General Fund)

17/18 Use of Fund Balance Per Original Plan	(1,994,000)
Discretionary Revenue Estimate Changes	
Property Taxes Growth 5.5% to 17/18 Estimates	2,095,000
Penalties & Interest vs 17/18 Estimates	(100,000)
Property Transfer Taxes	25,000
Sales Tax Increased by 5%	354,000
Transient Occupancy Tax	180,000
Other Revenue Increases (Interest, Prop Tax Admin, etc...)	415,151
	<u>2,969,151</u>
Operating Expense Changes	
Salary Changes	(1,364,000)
Retirement (Annual PERS + Other Post-Empl. Benefits)	(1,126,000)
Health Insurance	171,000
Workers Compensation and General Liability	308,000
Cost Plan (A87) Reimbursement	1,022,900
Board Priorities	(685,000)
Statutory & Emerging Issues	(626,051)
	<u>(2,299,151)</u>
18/19 Budget Gap	<u>(1,324,000)</u>

2018-19 Budget Key Activities

Board Objectives

- Building Bridges to Housing—address homelessness & housing needs
- Cannabis Policy & Compliance Budget Unit
- Fire Prevention Assistance Program—3 additional fire inspectors

Other Key Activities

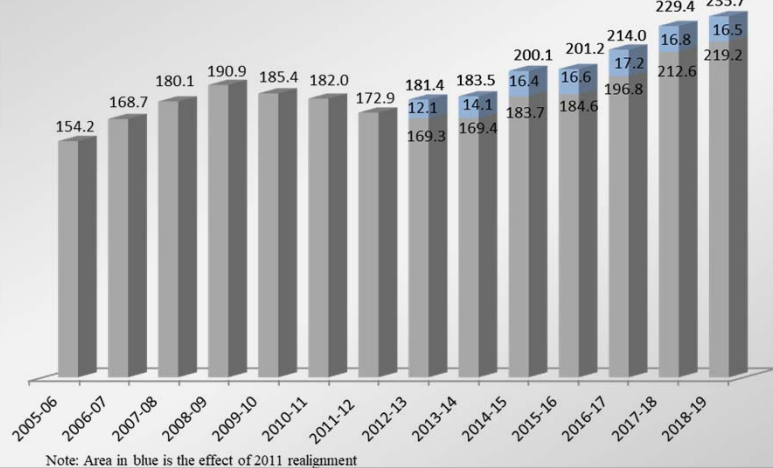
- Library – Measure A
- Roads SB1 revenue and projects
- HHSA—Organized Delivery System (ODS)
- HHSA—Intergovernmental Transfer and MAA
- Capital Projects—roads & bridges, Airport

2018-19 Budget Highlights

- **General Fund 6/30/19 ending balance estimated at \$27.5M vs. \$28.2M 6/30/18 estimated balance**
- **Total Revenue increase of 4.6% to \$230M**
- **Total Expenses increase of 2.8% to \$236M; 4.2% increase in Salaries & Benefits**
- **Total County Staff Increase by 9FTE to 798**

2018-19 Budget Highlights

■ Total County Budget



Nevada County Fund Balance Policy

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

General Fund Balance

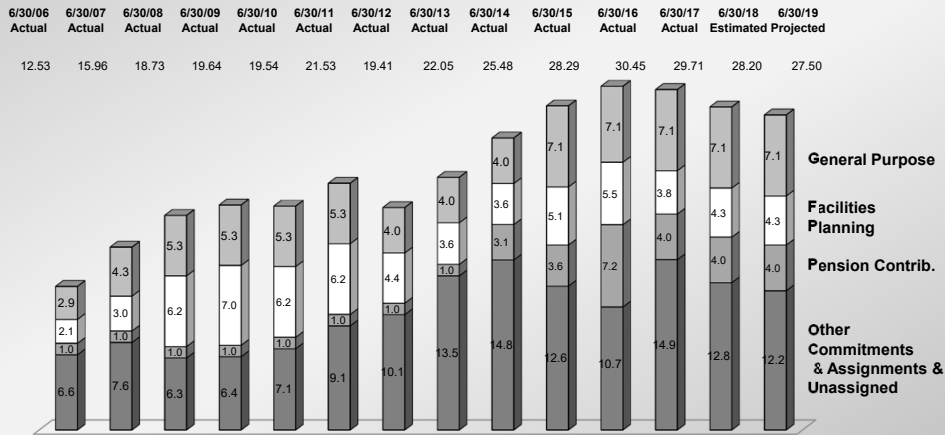
	Actual 6/30/2017 Balance	Adopted Changes FY 17/18	Projected Balance 6/30/18	Additional Changes FY 17/18	Reserve Re- Assignments	New Projected Balance 6/30/18	Original Budget Projection 6/30/18
Restricted							
Public Safety	250		250	35		285	184
Public Safety Infrastructure	600		600			600	600
General Government	-		-			-	
Commitments							
General Purpose	7,080		7,080			7,080	7,080
Assignments							
State Realignment	325		325			325	325
COP Payments	100		100			100	100
Accumulated Leave Liability	1,650		1,650			1,650	1,650
Information Systems Infrastructure	1,618	300	1,918	(833)		1,085	1,918
Facilities Planning	3,779		3,779		500	4,279	3,776
Pension Contributions	3,987		3,987			3,987	3,987
Civil Litigation	120		120			120	120
General Plan Update Costs	750		750			750	750
Economic Development Infrastructure	806	148	954		119	1,073	954
	20,215	448	20,663	(833)	619	20,449	20,660
Miscellaneous Assigned	4,123		4,123	833		4,957	3,729
Unassigned - use for Economic uncertainties	4,553	(1,994)	2,559	(35)	(619)	1,905	-
	29,741	(1,546)	28,195	-	-	28,195	25,174

General Fund Balance

	New Projected Balance 6/30/18	Projected 2018-19 Budget Plan	Projected Balance 6/30/19	Planning Horizon	Planning Horizon Fund Balance
Restricted					
Public Safety	285		285		285
Public Safety Infrastructure	600		600		600
General Government	-		-		-
Commitments					
General Purpose	7,080		7,080		7,080
Assignments					
State Realignment	325		325		325
COP Payments	100		100		100
Accumulated Leave Liability	1,650		1,650		1,650
Information Systems Infrastructure	1,085	300	1,385	(110)	2,108
Facilities Planning	4,279		4,279	(500)	3,779
Pension Contributions	3,987		3,987		3,987
Civil Litigation	120		120		120
General Plan Update Costs	750		750		750
Economic Development Infrastructure	1,073	325	1,398	(983)	415
	20,449	625	21,074	(1,593)	20,314
Miscellaneous Assigned	4,957		4,957	(1,419)	2,704
Unassigned - use for Economic uncertainties	1,905	(1,324)	581		581
	28,195	(699)	27,496	(3,012)	24,484

Historical Budget Trends

General Fund Balance & Reserves

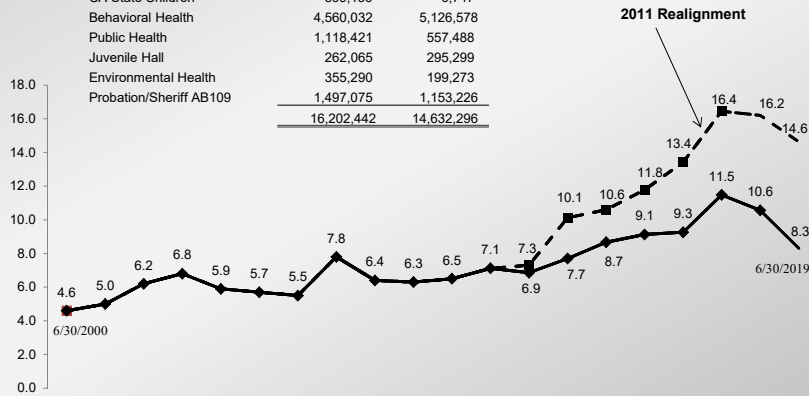


Other Operating Funds 2018-2019

	Revenue	Expense	Variance	Fund Balance June 30, 2019
Roads	17,398,199	17,666,685	(268,486)	(641,146)
CDA	7,836,963	8,462,367	(625,404)	3,438,934
Transit	5,123,002	5,123,002	-	(990,727)
Library	5,012,592	4,512,238	500,354	3,217,708
Airport	1,326,608	1,334,556	(7,948)	167,168
Hlth & Human Services Agency	65,106,948	64,480,618	626,330	4,747,306

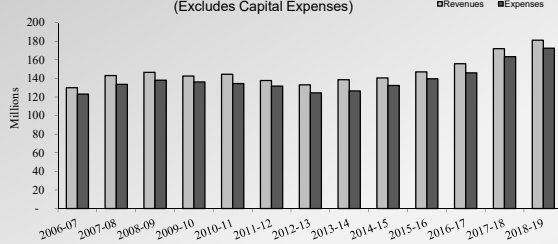
Realignment Fund balances

	Estimated Fund Balance 6/30/2018	Projected Fund Balance 6/30/2019
Social Services	5,828,871	5,112,133
CalWorks	2,181,551	2,181,551
CA State Children	399,136	6,747
Behavioral Health	4,560,032	5,126,578
Public Health	1,118,421	557,488
Juvenile Hall	262,065	295,299
Environmental Health	355,290	199,273
Probation/Sheriff AB109	1,497,075	1,153,226
	<u>16,202,442</u>	<u>14,632,296</u>



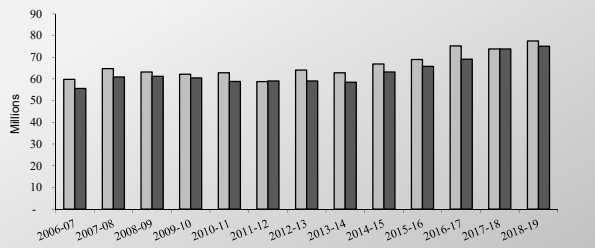
Revenues to Expenditures

Major Operating Funds Revenues to Expenditures
(Excludes Capital Expenses)



	16/17	17/18	18/19
Capital Assets:	\$286M	NA	NA
Capital Expenses:	\$9.5M	\$13.2	\$10.2

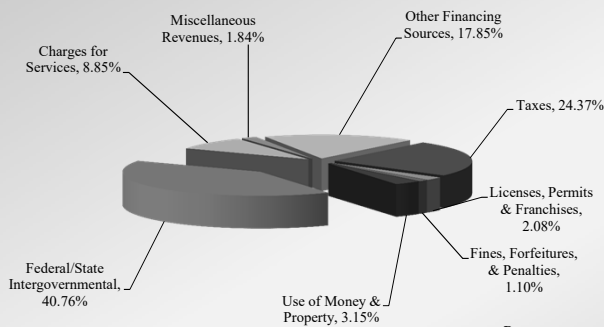
General Fund Revenues to Expenditures
(Excludes Capital Expenses)



2018-19 Budget Highlights

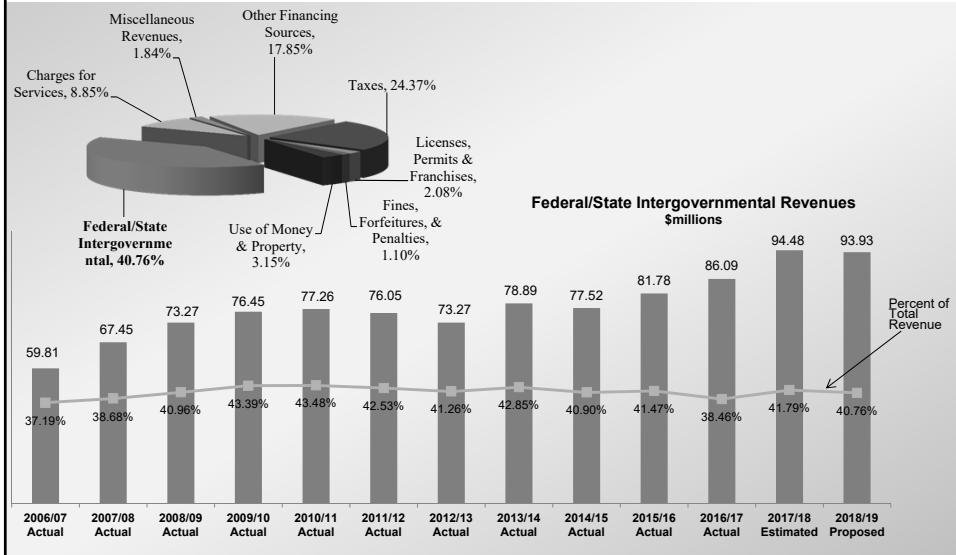
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Revenues – Total County Budget

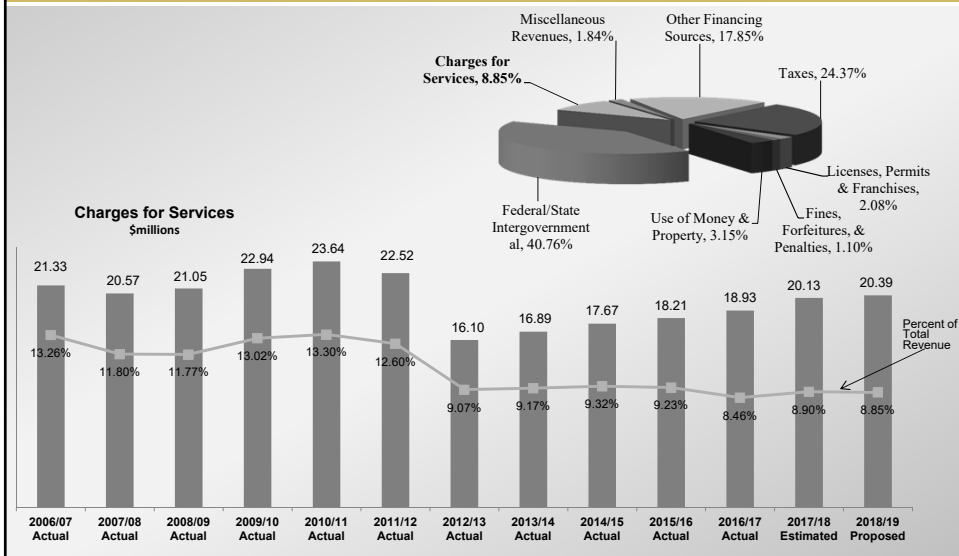


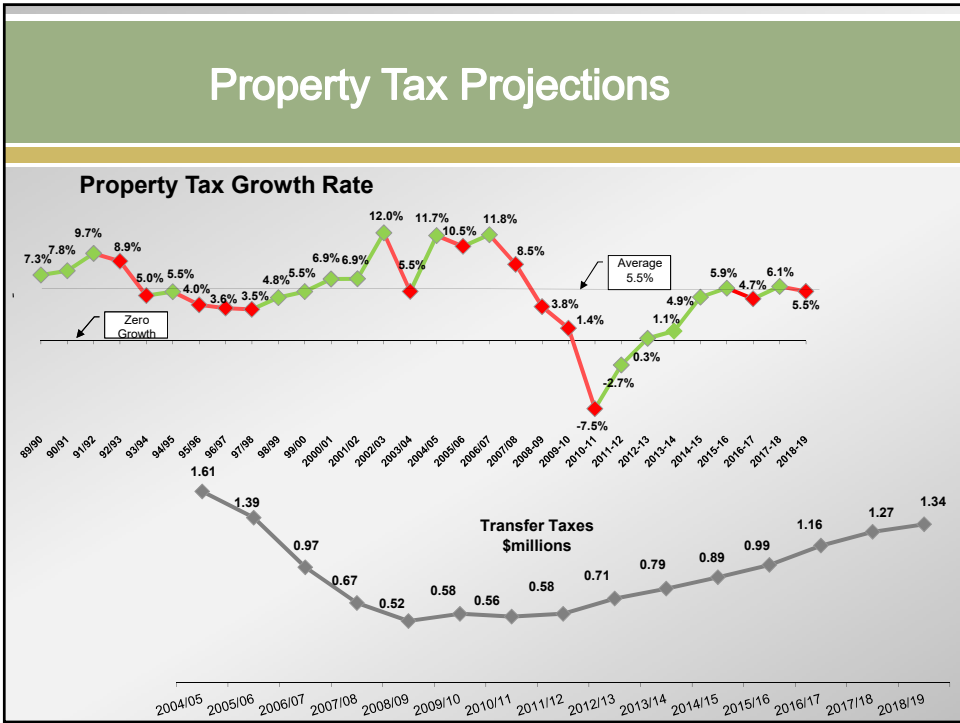
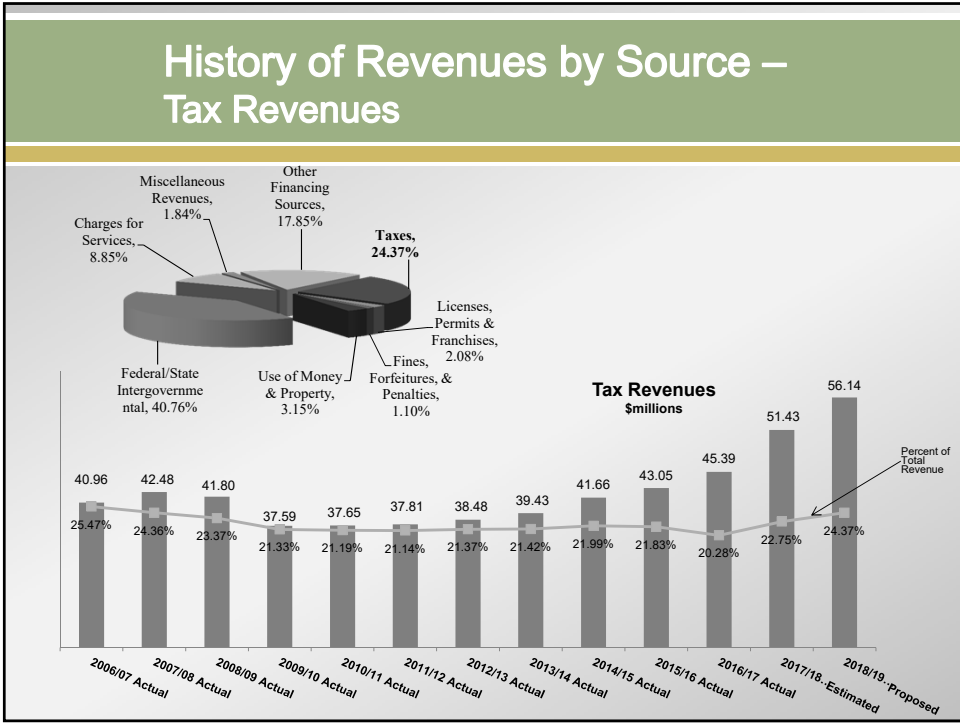
	17/18 <u>Adopted</u>	18/19 <u>Proposed</u>
Revenues		
Taxes	49,272,466	56,142,394
Licenses, Permits & Franchises	4,599,881	4,797,136
Fines, Forfeitures, & Penalties	2,694,082	2,526,940
Use of Money & Property	6,781,119	7,257,710
Federal/State Intergovernmental	94,105,003	93,925,926
Charges for Services	19,431,779	20,385,840
Miscellaneous Revenues	2,241,027	4,242,186
Other Financing Sources	41,188,141	41,136,647
Total Revenues	220,313,498	230,414,779

History of Revenues by Source – Fed/State Intergovernmental Revenues



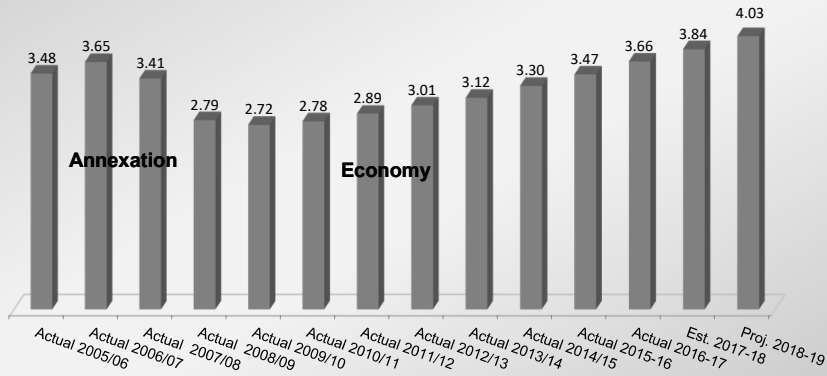
History of Revenues by Source – Charges for Services



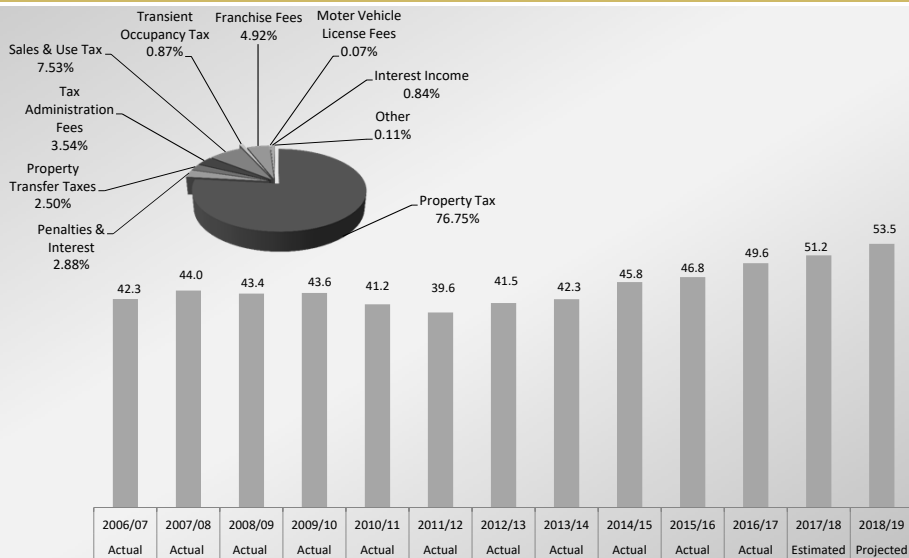


Historical Budget Trends

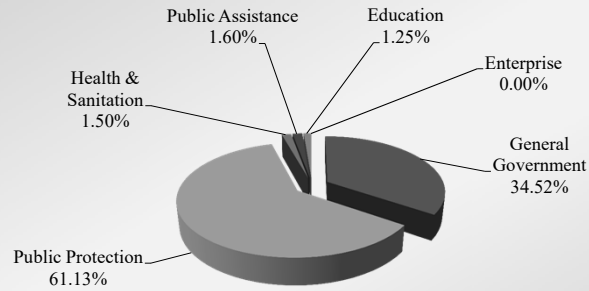
Sales Tax Revenue (\$millions)



Total General Fund Discretionary Revenue



Uses of Discretionary Revenue



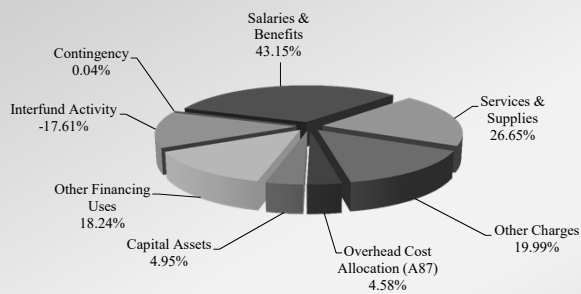
Public Protection Includes:

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

General Government Includes:

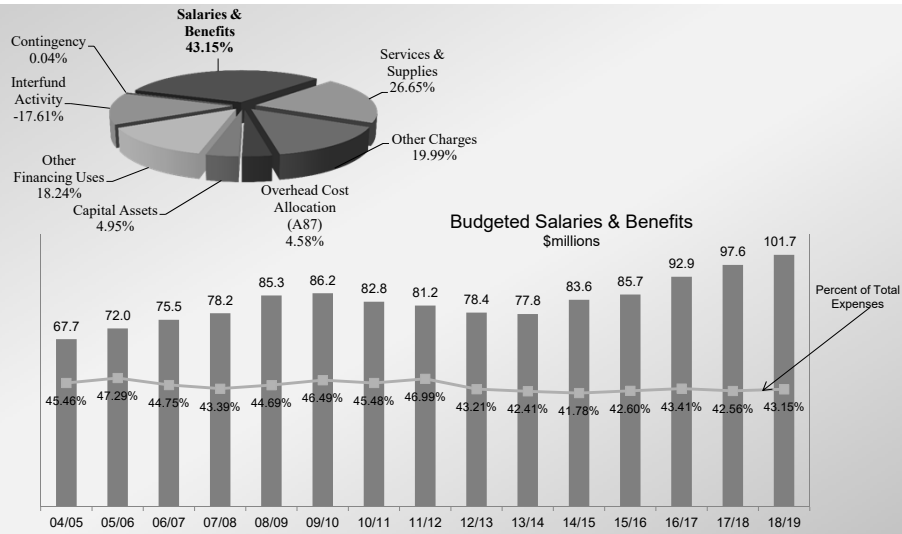
Clerk of the Board, CEOs Office, Assessor, Auditor-Controller, Treasurer Tax-Collector, Human Resources, County Counsel
Purchasing, Building and Debt Financing, Elections, Facilities, Information Systems

Expenditures by Class

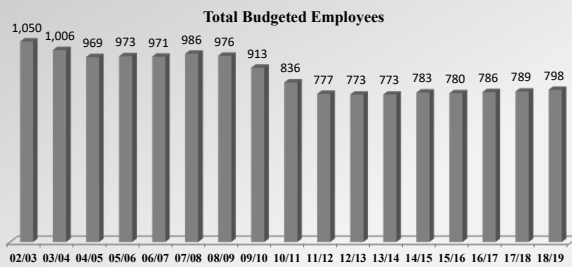


	17/18	18/19
	Adopted	Proposed
Salaries & Benefits	97,619,220	101,705,553
Services & Supplies	57,581,618	62,807,772
Other Charges	47,464,408	47,121,689
Overhead Cost Allocation (A87)	9,491,766	10,789,678
Capital Assets	14,154,013	11,677,770
Other Financing Uses	42,770,449	43,000,380
Interfund Activity	(39,810,445)	(41,514,245)
Contingency	100,000	100,000
Total Expenses	229,371,029	235,688,597

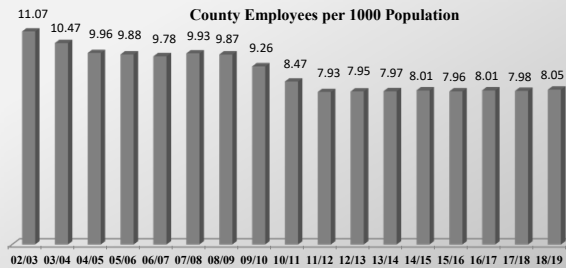
Salaries and Benefits



Staffing



County	County Staff / 1000 Residents
Nevada	8.0
Butte	10.2
El Dorado	10.1
Mendocino	16.0
Napa	10.6
Placer	7.5
Sutter	10.3
Tehama	13.9
Yuba	11.7



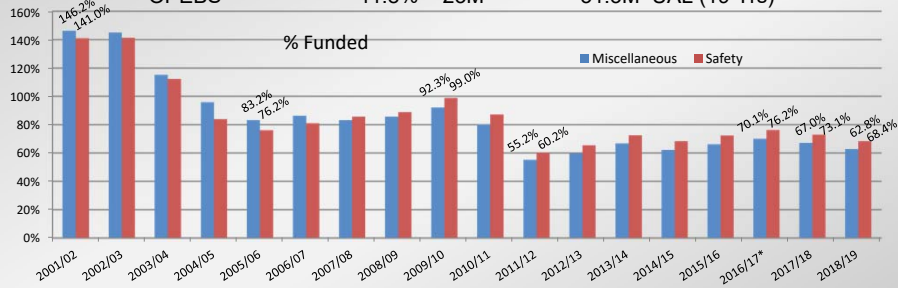
Based on 2017/18 Budgets

Pension & Retiree Health Promises

2018/2019

Nevada County Funded Ratios

- Misc 62.8% 284M Assets 165.1M UAL (25 Yrs)
- Safety Pool 68.4% 61M 27.9M UAL (21 Yrs)
- OPEBS 41.8% 23M 31.3M UAL (19 Yrs)



Nevada County ARC

- Misc: Rate Increasing 18/19 Rate Increase 2.1% of PR
- Safety: Rate Increasing 18/19 Rate Increase 5.0% of PR
- OPEB: Rate 6.2% vs. 6.6% prior year

Recent Developments prompt continued vigilance

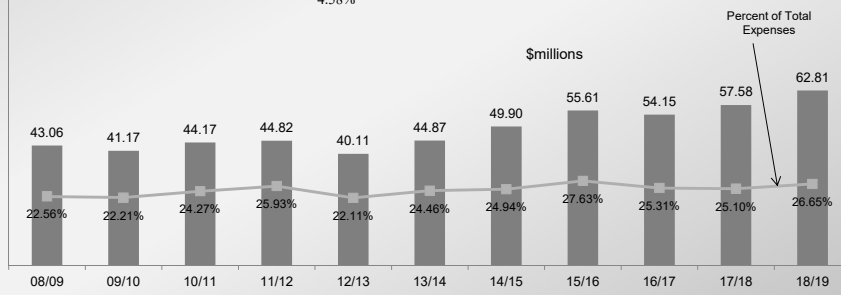
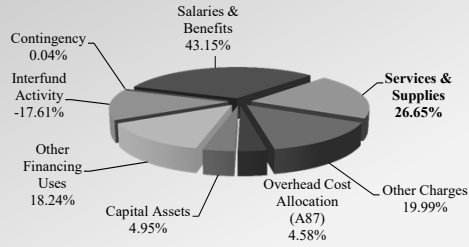
CalPERS Actions—widening of pension gap over next 5 years

- 15/16 and 16/17 CalPERS revised actuarial assumptions and recognized retirees are living longer
- December 2016 CalPERS Board voted to lower assumed investment return to 7.0% from 7.5%
- February 2018 CalPERS Board update of Actuarial Assumptions

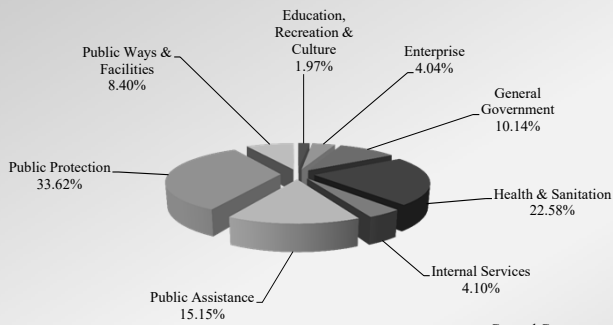
Over next 5 years 63% Increase in CalPERS Annual Required Contributions

Continued review for further actions

Services and Supplies

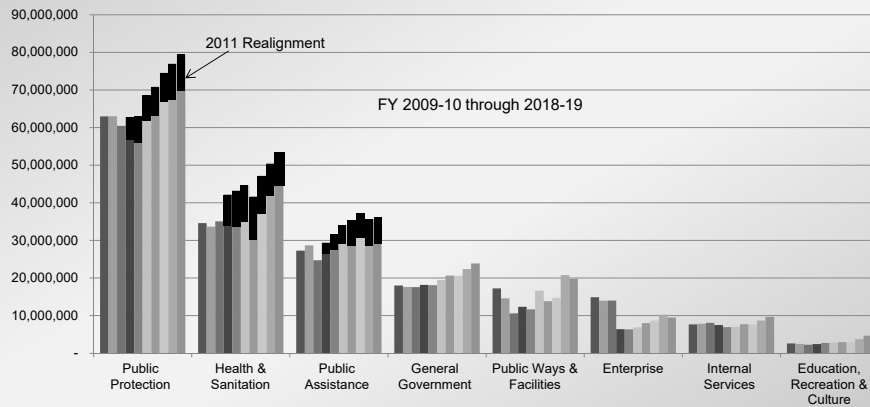


Expenditures by Function



General Government	23,899,770
Public Protection	79,235,791
Public Ways & Facilities	19,793,853
Health & Sanitation	53,207,060
Public Assistance	35,698,925
Education, Recreation & Culture	4,653,475
Enterprise	9,529,669
Internal Services	9,670,054
Total	235,688,597

Expenditures by Function



Capital Facilities & Infrastructure

- **Current Projects**
 - Operations Center
 - McCourtney Road Transfer Station
 - Juvenile Hall Re-use Options
- **Future Projects**
 - Jail Reconfiguration
 - Animal Shelter Improvements
 - Current Corp Yard Re-use Improvements
 - Roads
 - Wastewater
 - Deferred Maint.

Other Threats

- Pension Costs
- SB1 Repeal
- 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 2018-19 Proposed Budget

**Richard A. Haffey,
County Executive Officer**

