

# **Nevada County 2016-17 Proposed Budget**



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

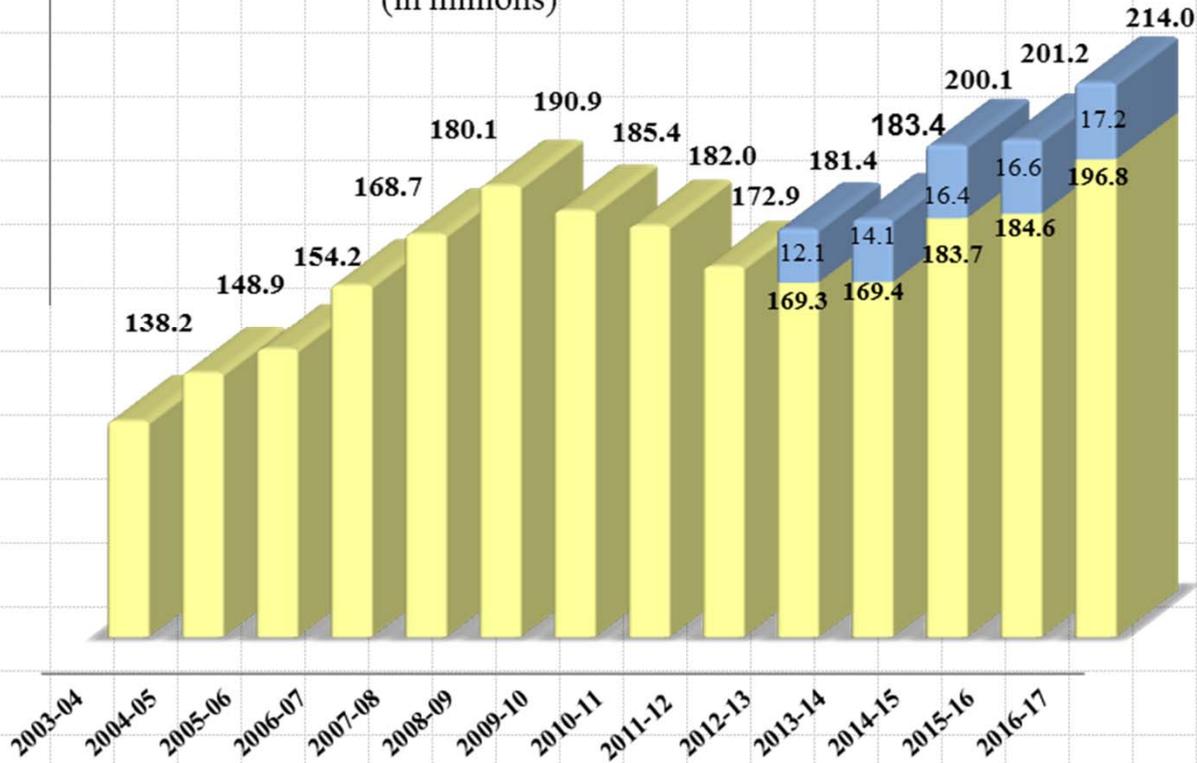
# Total County Budget:

(in millions)



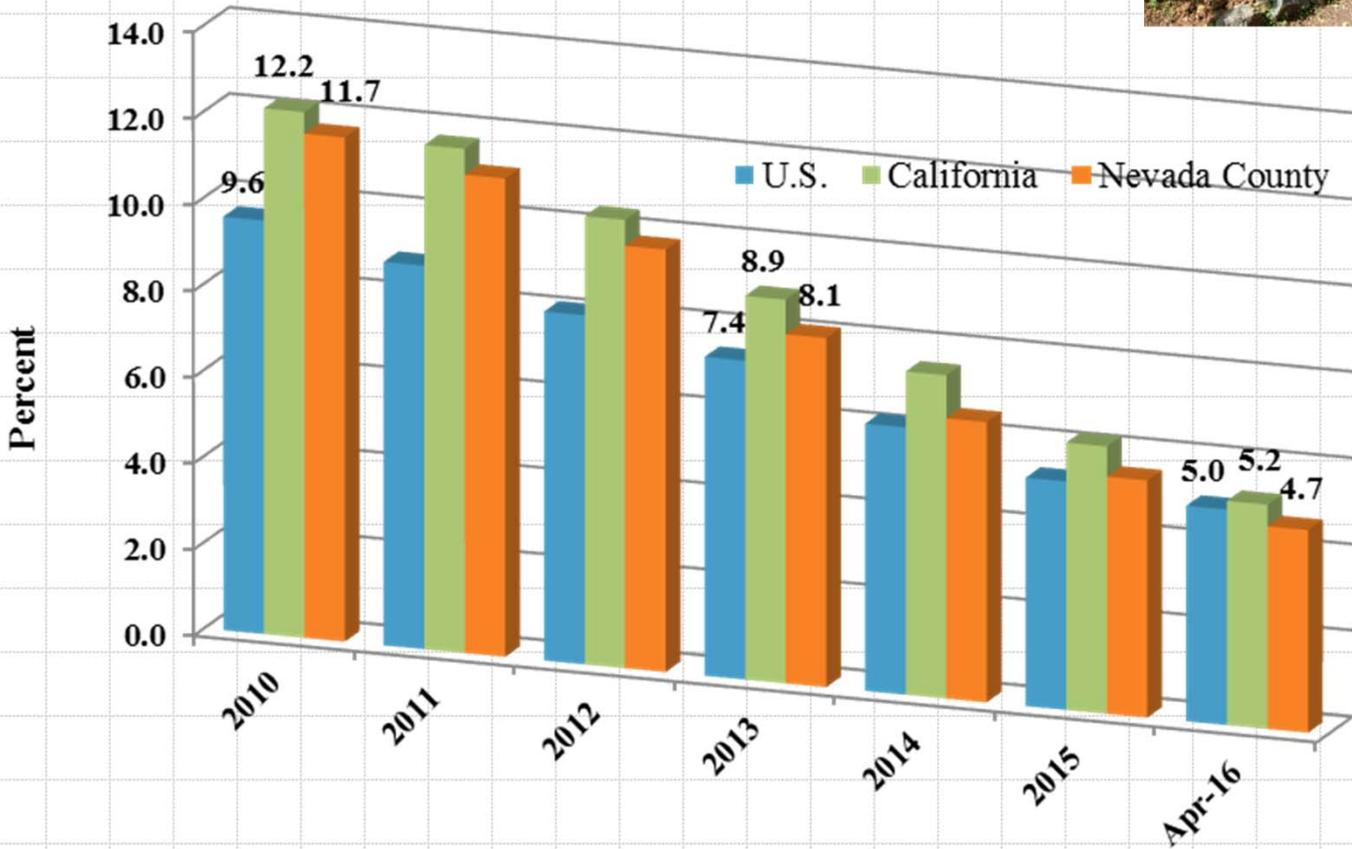
## County Budget

(in millions)

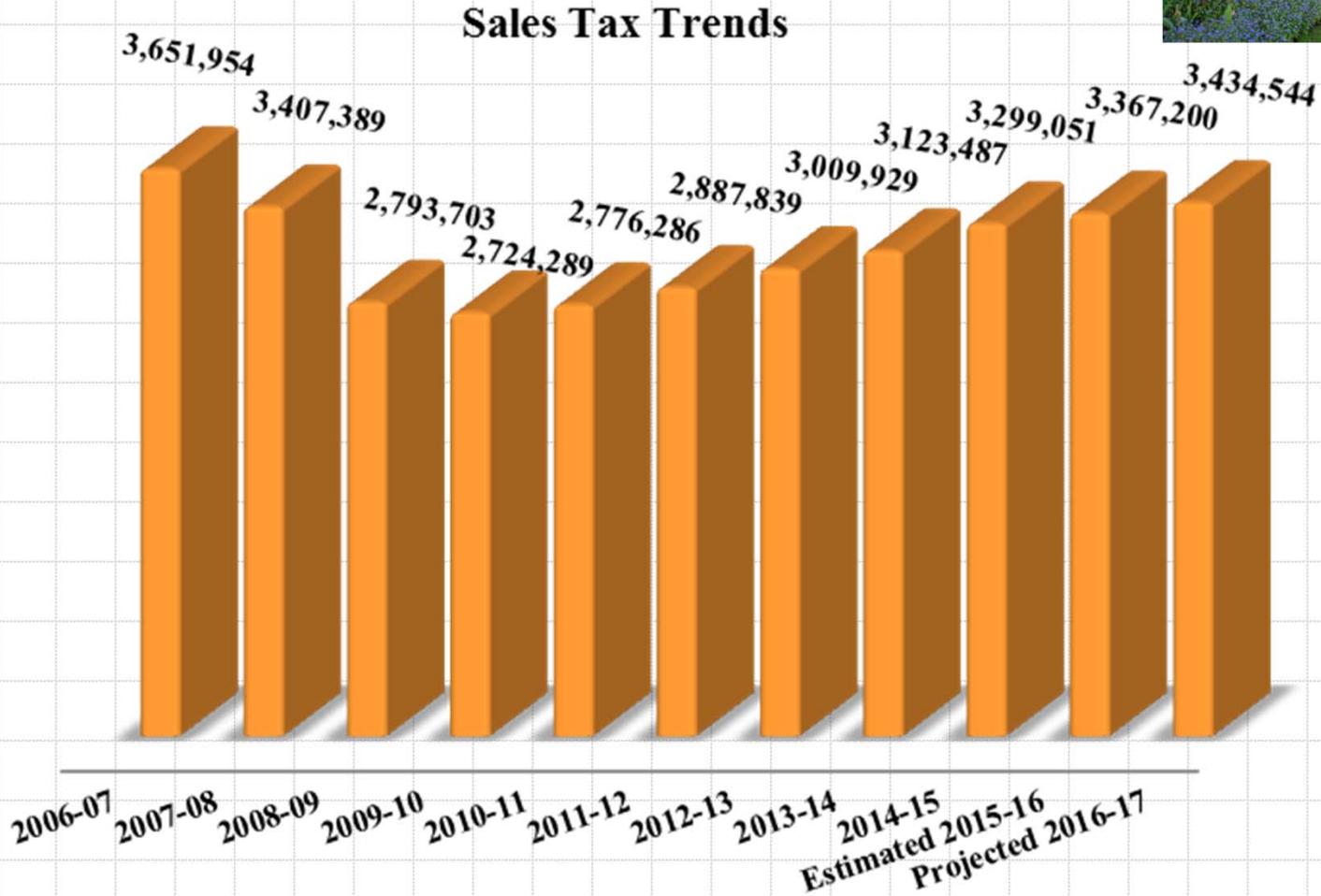


Note: Area in blue is the effect of 2011 realignment

# Unemployment Rates:



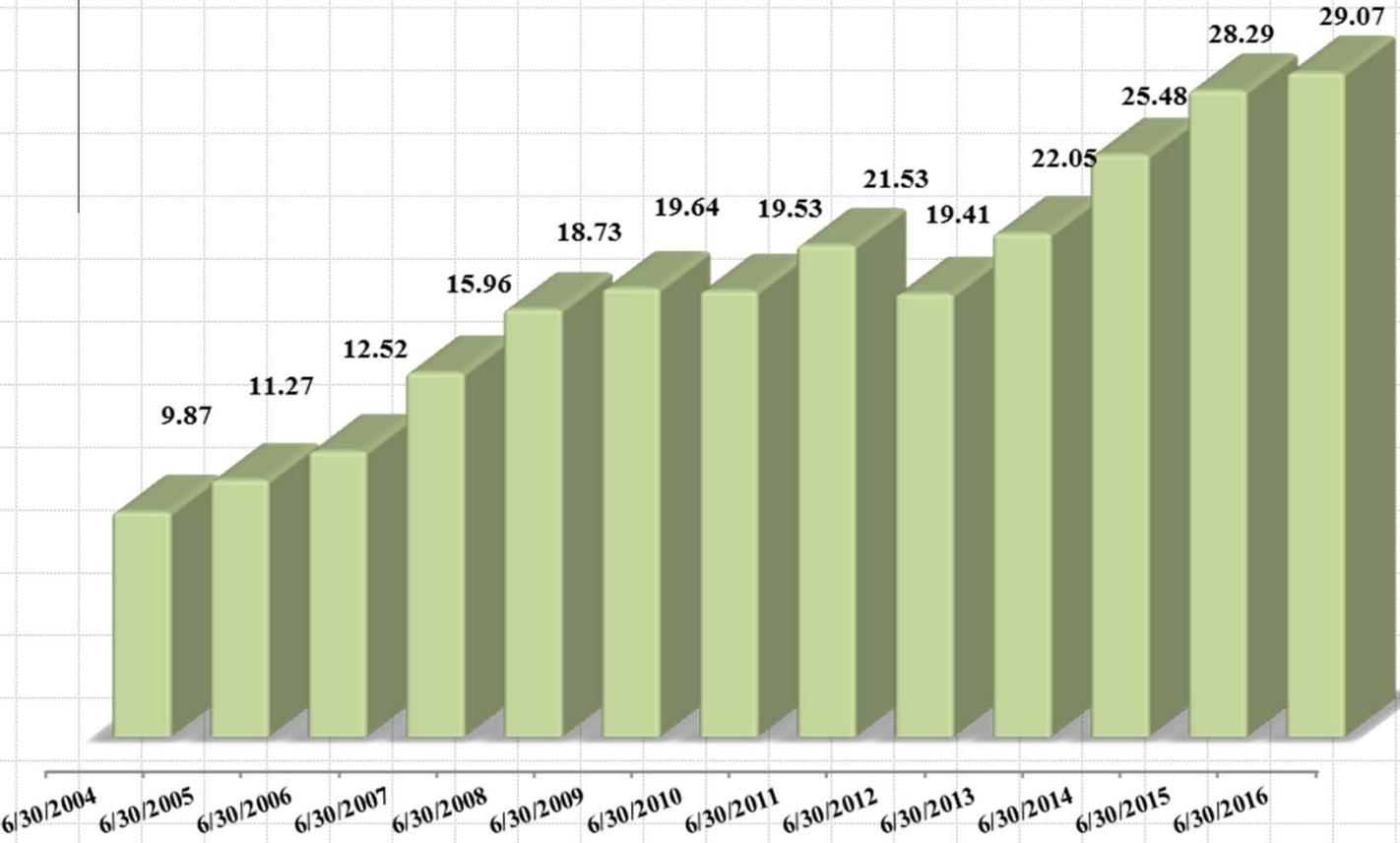
# Sales Tax Trends



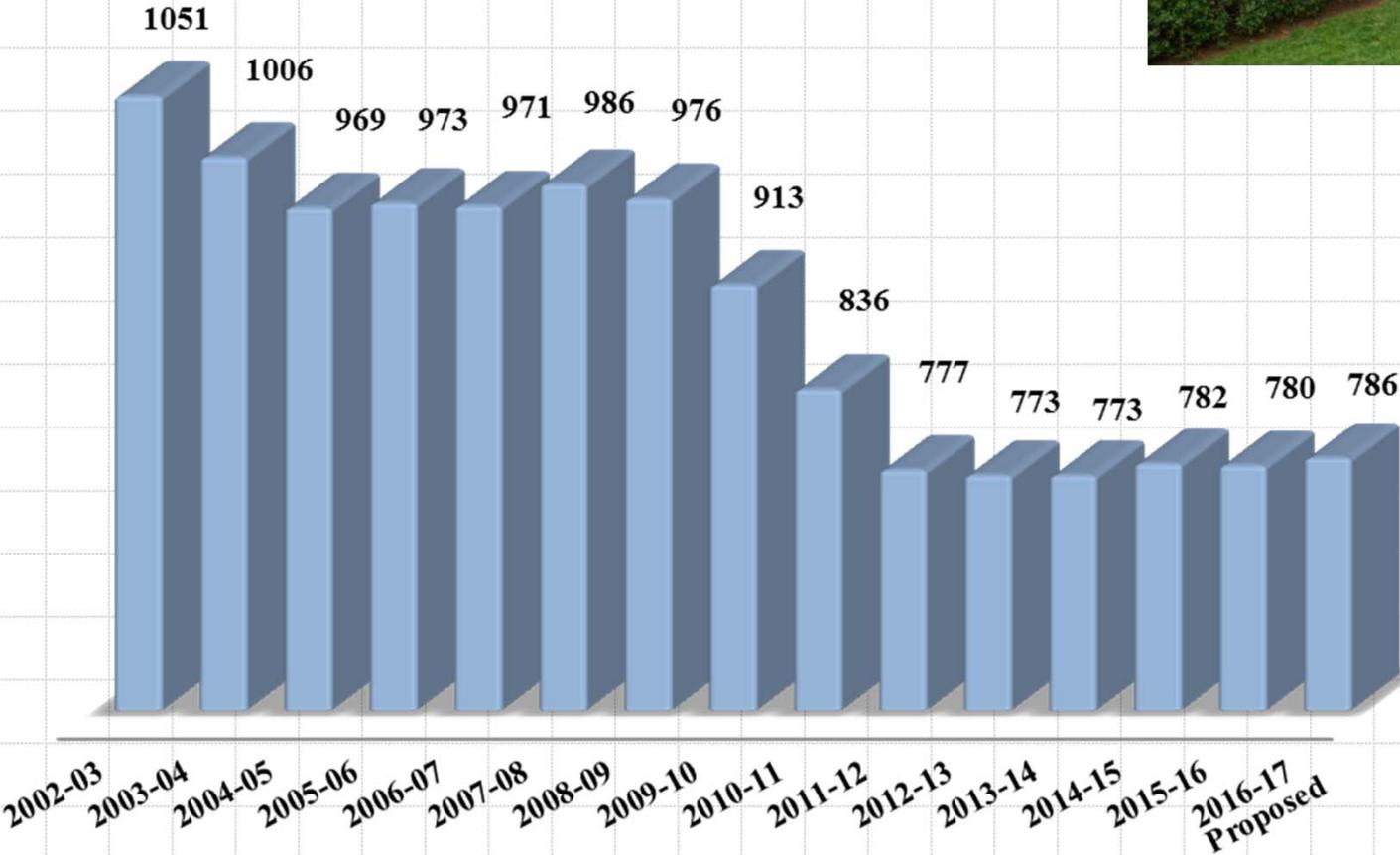
# Property Tax Growth Rate



# General Fund Balance:



# County Staffing



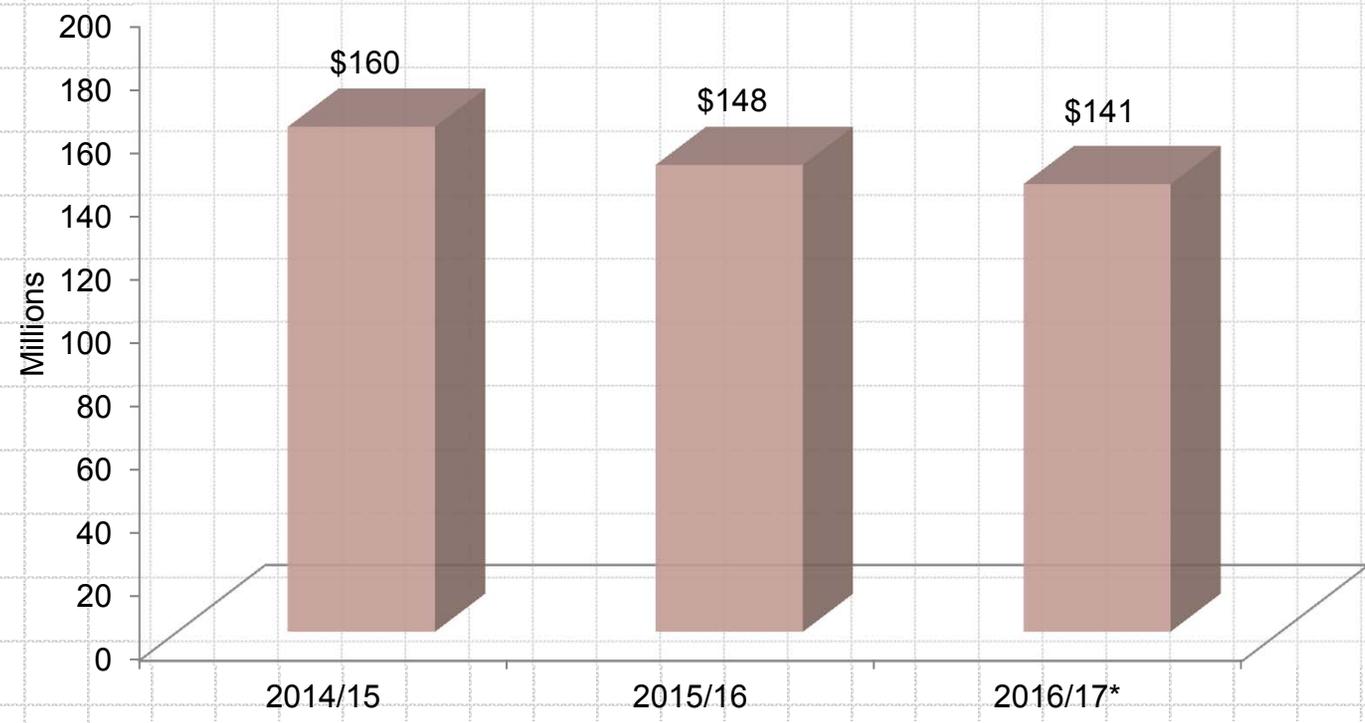
# Challenges on the Horizon:



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

# Challenges on the Horizon: Pension Costs

## Nevada County Unfunded Liability



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

# Public Pension Cost Control:

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

# Public Pension Cost Control:

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

# 2016-17 Budget Highlights



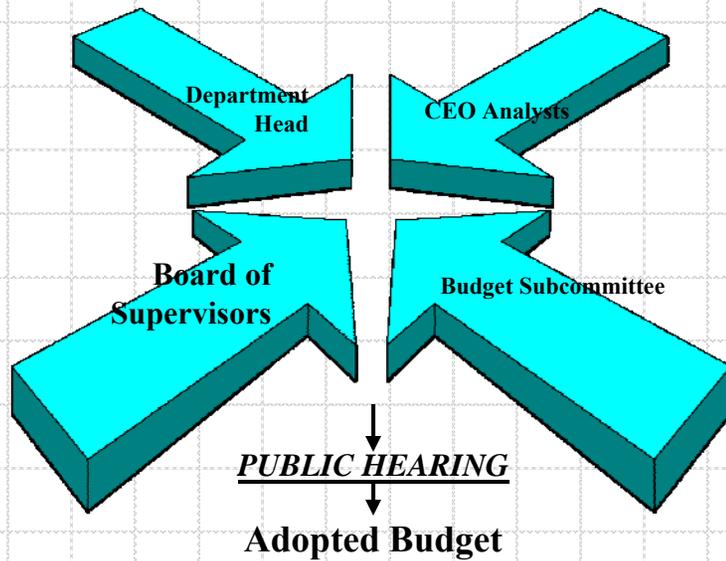
- **Budget Policies**
- **Development & Format**
- **Update How the Budget Gap Was Balanced**
- **Historical Perspective of This Budget vs. Prior Years (5 key budget trends)**
- **Fund Balances & Reserves**
- **Overview Revenue, Expenditures (and Pensions)**
- **State Budget Impacts**
- **Nevada County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

# 2016-17 Budget Policies



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

# Budget Development



**Collaboration**

**Transparency**

**County Budget Portal**



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



# 2016/17 Budget Gap

## (General Fund)



**15/16 Use of Fund Balance Per Original Plan** (272,963)

### Discretionary Revenue Estimate Changes

Property Taxes Growth 6.0% to 15/16 Estimates	1,801,917
Penalties & Interest vs 15/16 Estimates	(200,000)
Property Transfer Taxes	97,838
Sales Tax Increased by 2%	67,344
Other Revenue Increases/(decreases)	(177,523)
	<u>1,589,576</u>

### Operating Cost Changes

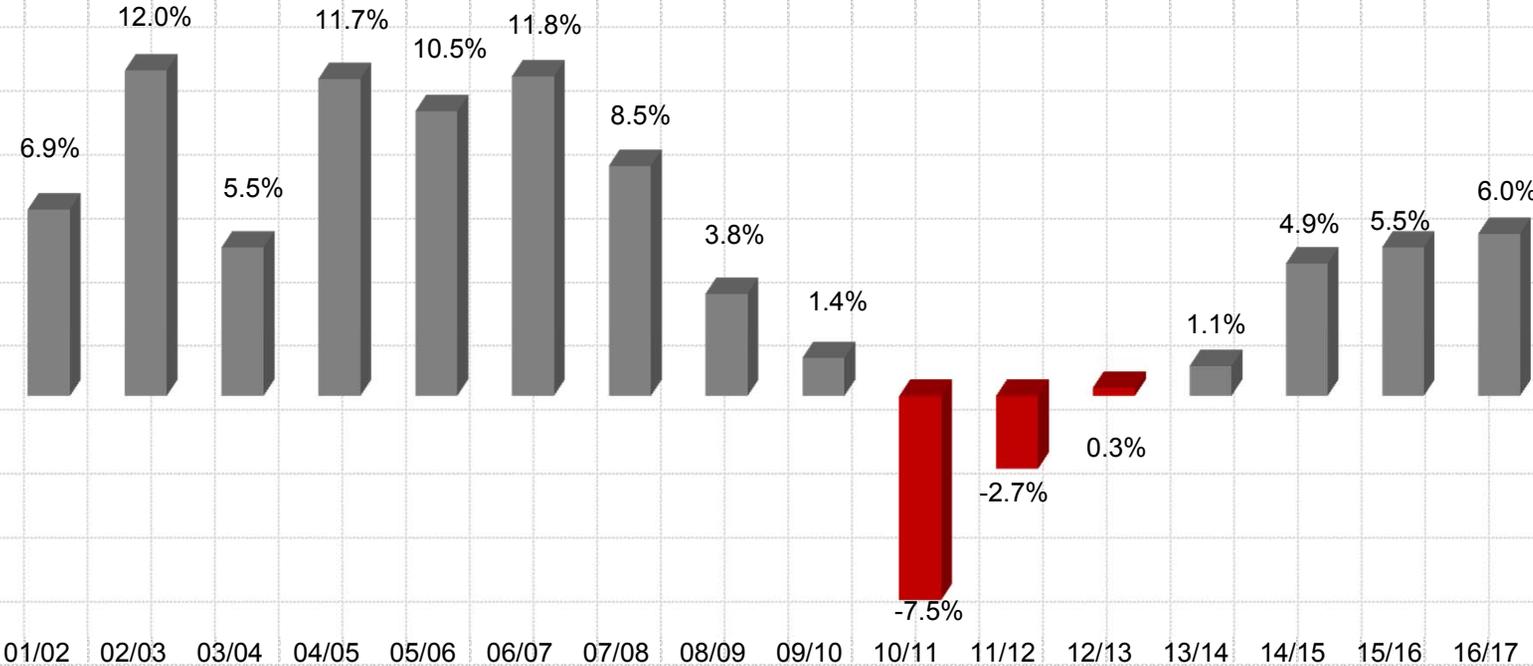
Salary Changes	(2,228,324)
Retirement (Annual PERS + Other Post-Empl. Benefits)	(489,567)
Health Insurance	(370,960)
Workers Compensation and General Liability	(227,068)
Cost Plan (A87) Reimbursement	337,449
Other	746,868
	<u>(2,231,602)</u>

**16/17 Budget Gap** (914,989)

# Historical Budget Trends

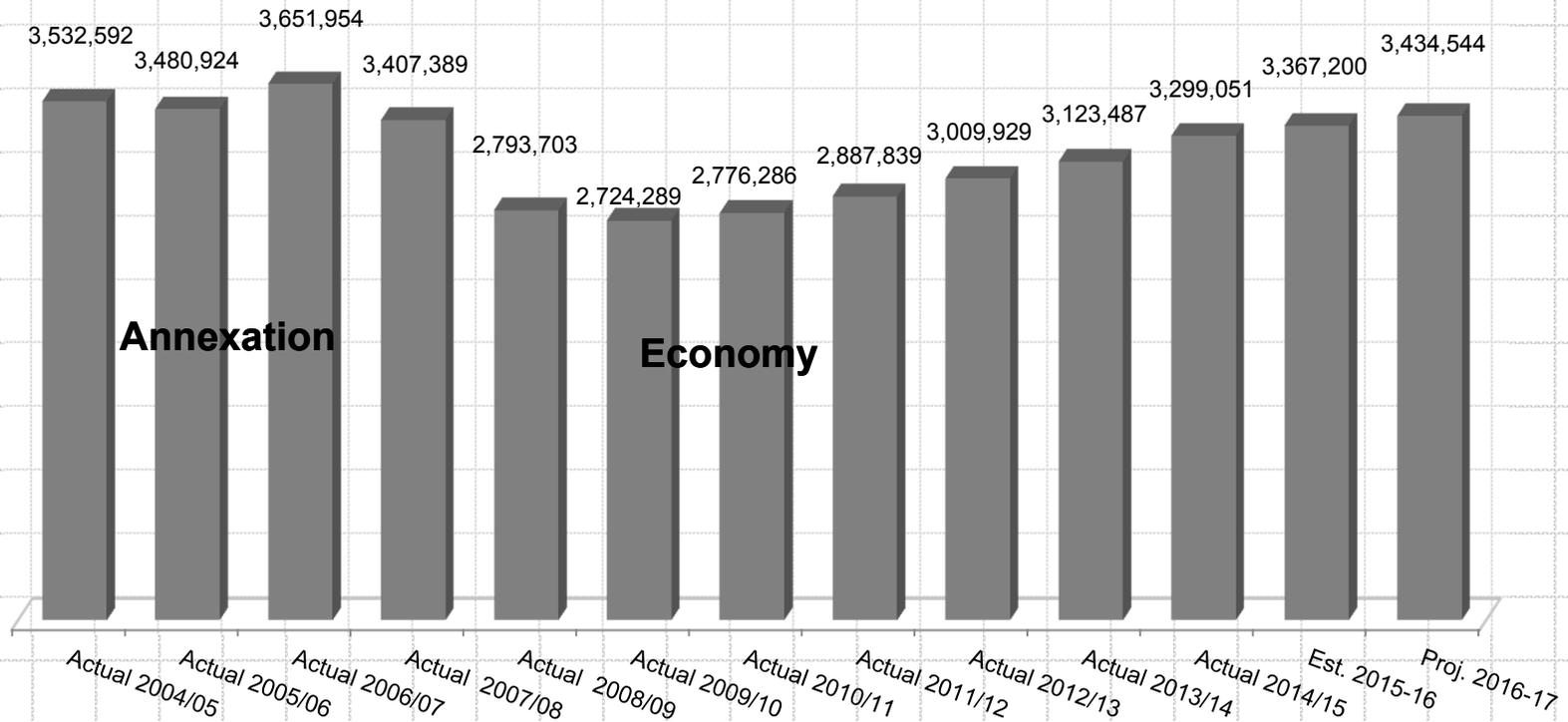


- Property Tax Growth Rate Moderate

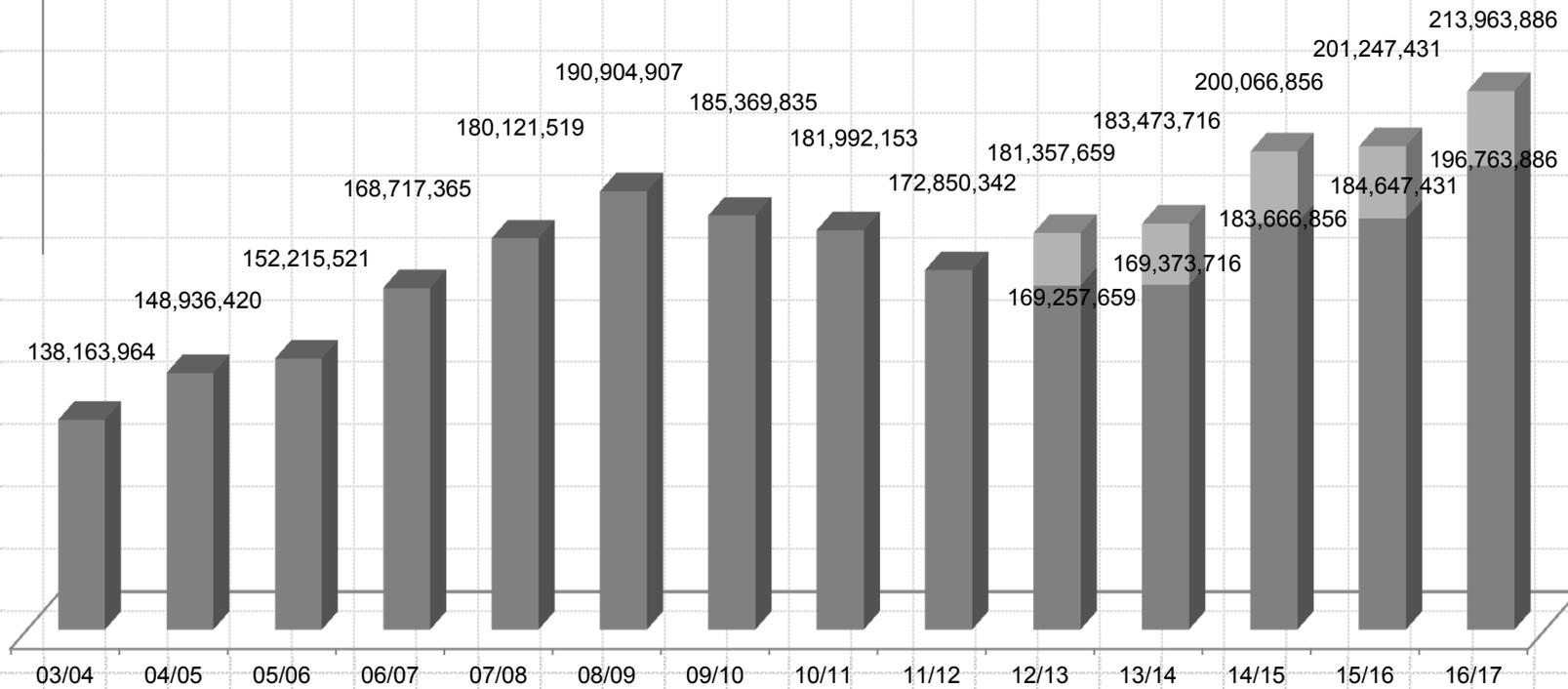


# Historical Budget Trends

- Sales Tax Revenue



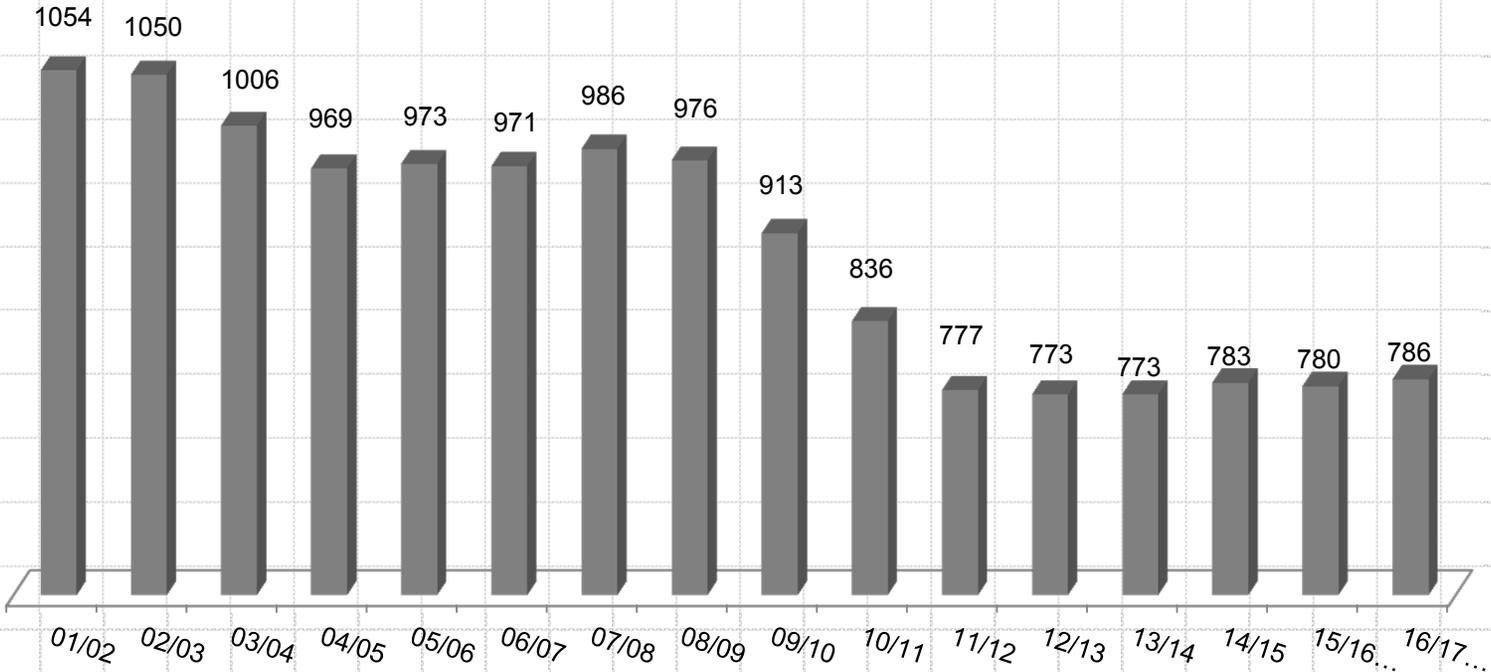
# Historical Budget Trends



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

# Historical Budget Trends

- Staffing



# Nevada County Fund Balance Policy



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

# General Fund Balance



	Audited 6/30/2015 Balance	Adopted Changes FY 15/16	Projected Balance 6/30/16	One-Time 15/16	Reserve Re- Assignments	New Projected Balance 6/30/16
<b>Restricted</b>						
Public Safety	161		161			161
Public Safety Infrastructure	600		600			600
General Government						
<b>Commitments</b>						
General Purpose	7,080		7,080			7,080
<b>Assignments</b>						
State Realignment	325		325			325
COP Payments	100		100			100
Accumulated Leave Liability	1,650		1,650			1,650
Information Systems Infrastructure	1,327	250	1,577		300	1,877
Facilities Planning	5,071		5,071		698	5,769
Pension Contributions	3,587		3,587		3,600	7,187
Civil Litigation	120		120			120
General Plan Update Costs	750		750			750
Economic Development Infrastructure	395	140	535		74	609
	20,405	390	20,795		4,672	25,467
<b>Miscellaneous Assigned</b>	1,180		1,180			1,180
<b>Unassigned - use for Economic uncertainties</b>	5,942	(273)	5,669	665	(4,672)	1,662
	28,288	117	28,405	665	-	29,070

# General Fund Balance



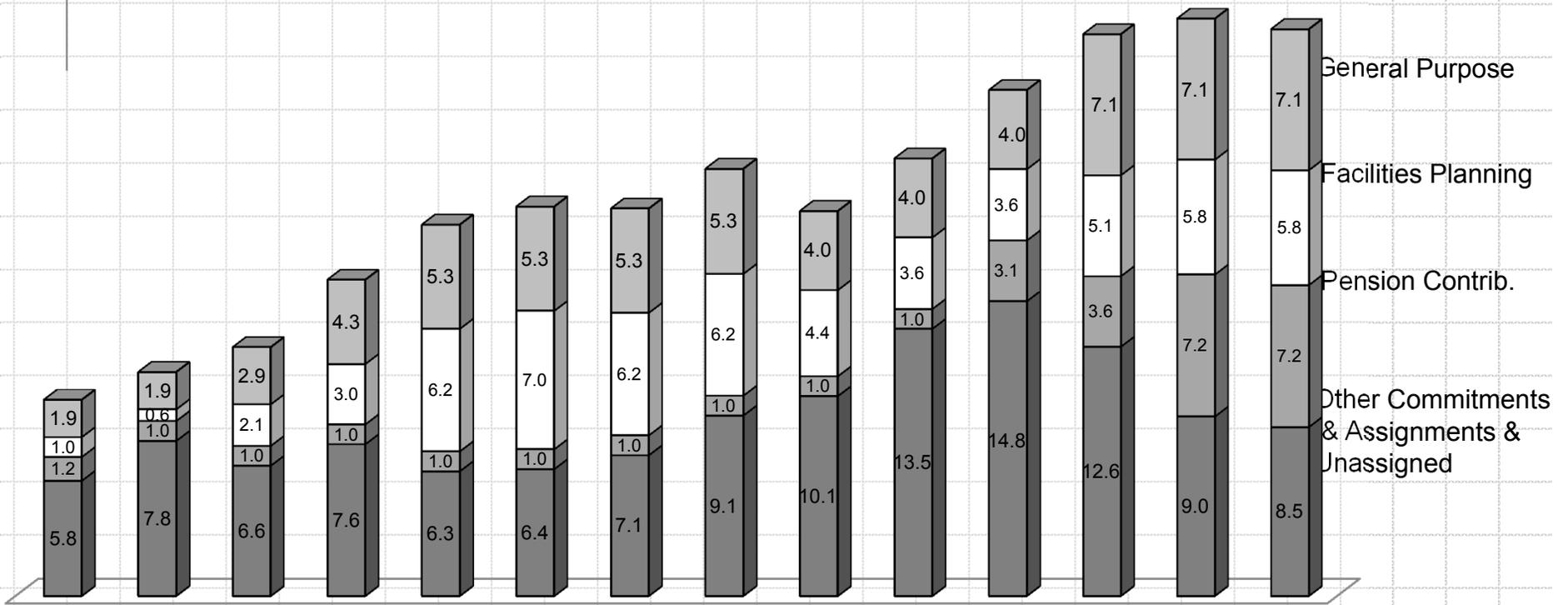
	New Projected Balance 6/30/16	Projected 2016-17 Budget Plan	Projected Balance 6/30/17	Planning Horizon IS & Facilities	Planning Horizon Fund Balance
<b>Restricted</b>					
Public Safety	161		161		161
Public Safety	600		600		600
General Government					
<b>Commitments</b>					
General Purpose	7,080		7,080		7,080
<b>Assignments</b>					
State Realignment	325		325		325
COP Payments	100		100		100
Accumulated Leave Liability	1,650		1,650		1,650
Information Systems Infrastructure	1,877	250	2,127	(1,238)	889
Facilities Planning	5,769		5,769	(1,709)	4,061
Pension Contributions	7,187		7,187		7,187
Civil Litigation	120		120		120
General Plan Update Costs	750		750		750
Economic Development Infrastructure	609	136	745		745
	25,467	386	25,853	(2,947)	22,907
<b>Miscellaneous Assigned</b>	1,180		1,180		1,180
<b>Unassigned - use for Economic uncertainties</b>	1,662	(914)	748		748
	29,070	(528)	28,542	(2,947)	25,596

# Historical Budget Trends

## General Fund Balance & Reserves



6/30/04 Actual	6/30/05 Actual	6/30/06 Actual	6/30/07 Actual	6/30/08 Actual	6/30/09 Actual	6/30/10 Actual	6/30/11 Actual	6/30/12 Actual	6/30/13 Actual	6/30/14 Actual	6/30/15 Actual	6/30/16 Estimated	6/30/17 Projected
9.877	11.277	12.527	15.957	18.727	19.637	19.535	21.532	19.412	22.049	25.484	28.288	29.070	28.542



# Other Operating Funds 2016-2017

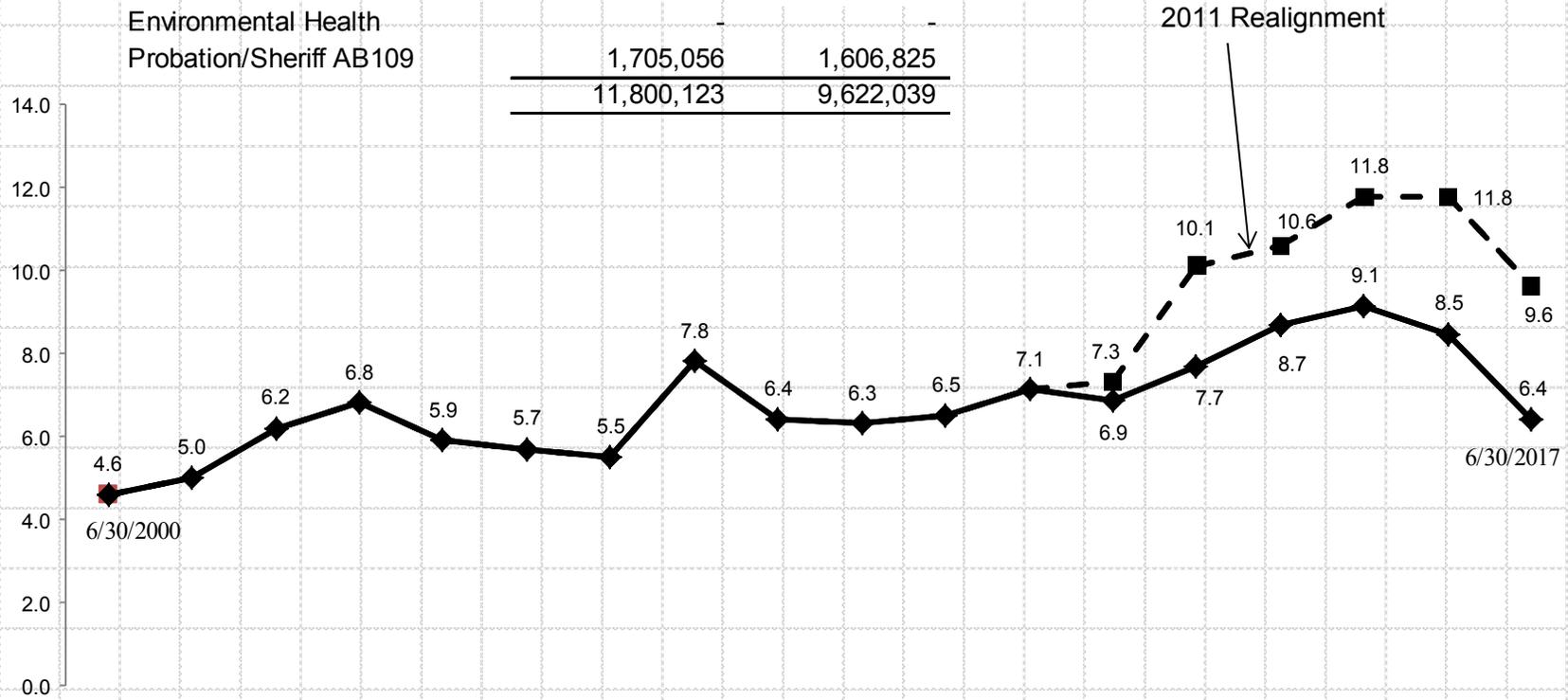


	Revenue	Expense	Variance	Fund Balance June 30, 2017
Roads	12,303,498	13,287,517	(984,019)	3,103,387
CDA	6,594,715	6,996,076	(401,361)	2,490,156
Transit	5,023,270	5,023,270	-	(271,700)
Library	2,712,932	2,781,474	(68,542)	1,353,117
Airport	1,951,169	1,951,169	-	264,461
Hlth & Human Services Agency	54,855,875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

# Realignment Fund balances



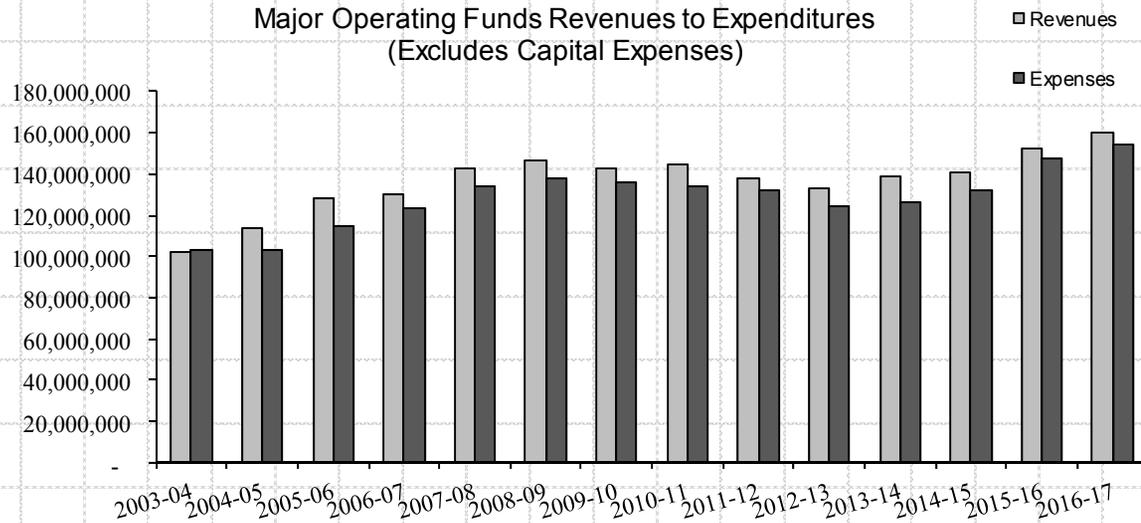
	Estimated Fund Balance 6/30/2016	Projected Fund Balance 6/30/2017
Social Services	4,595,611	4,094,543
CalWorks	-	-
CA State Children	614,361	373,406
Behavioral Health	3,033,511	1,766,459
Public Health	1,572,127	1,578,405
Juvenile Hall	279,457	202,401
Environmental Health	-	-
Probation/Sheriff AB109	1,705,056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



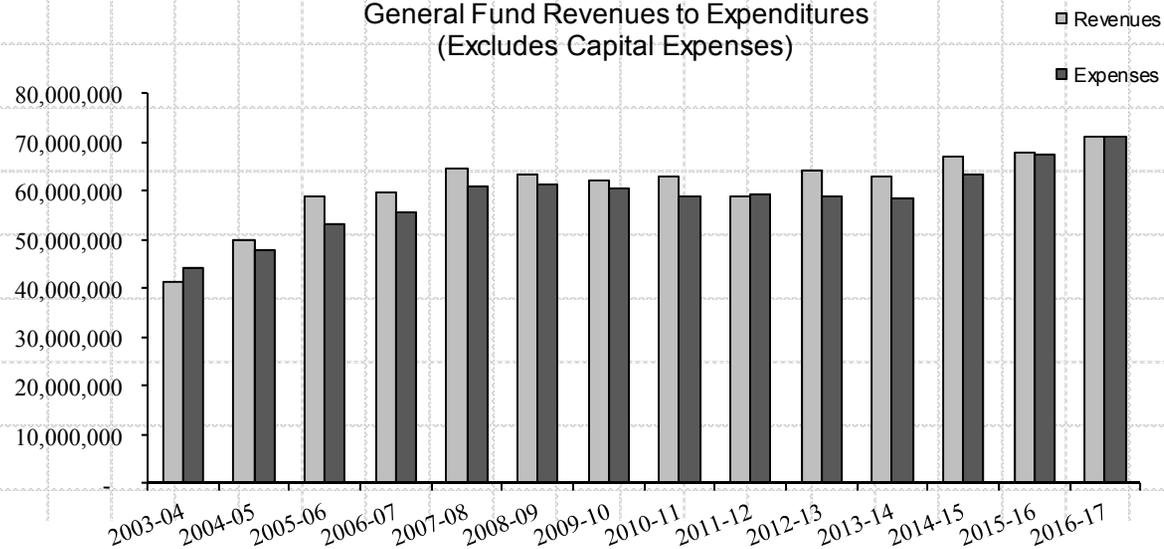
# Revenues to Expenditures



Major Operating Funds Revenues to Expenditures  
(Excludes Capital Expenses)



General Fund Revenues to Expenditures  
(Excludes Capital Expenses)

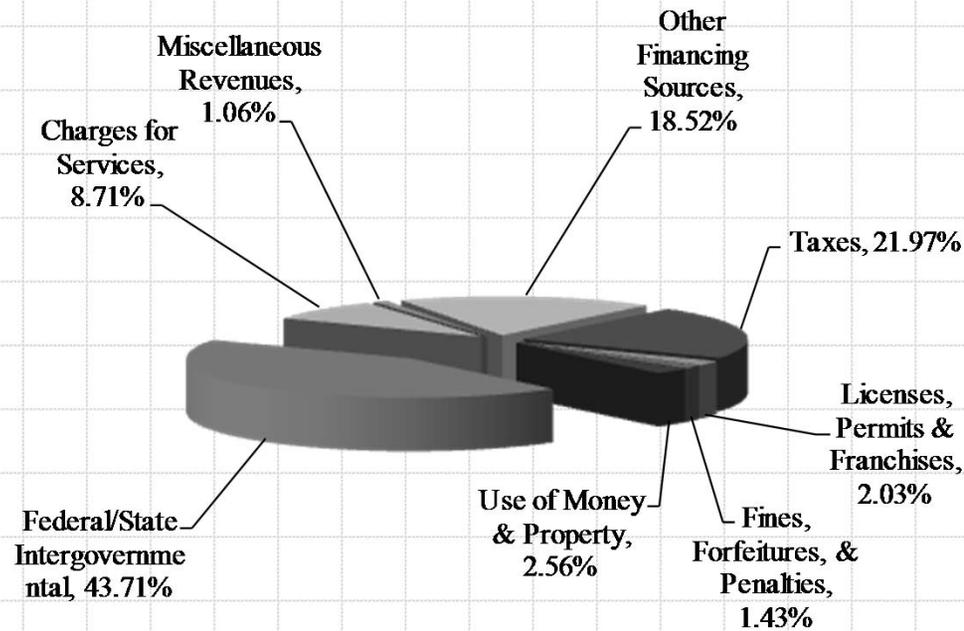
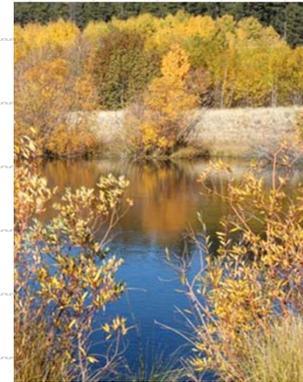


# 2016-17 Budget Highlights



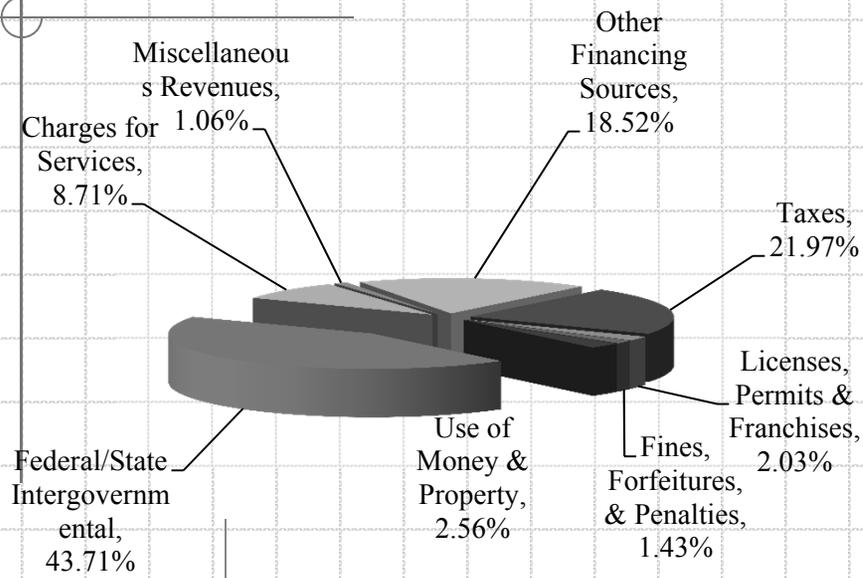
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# Revenues

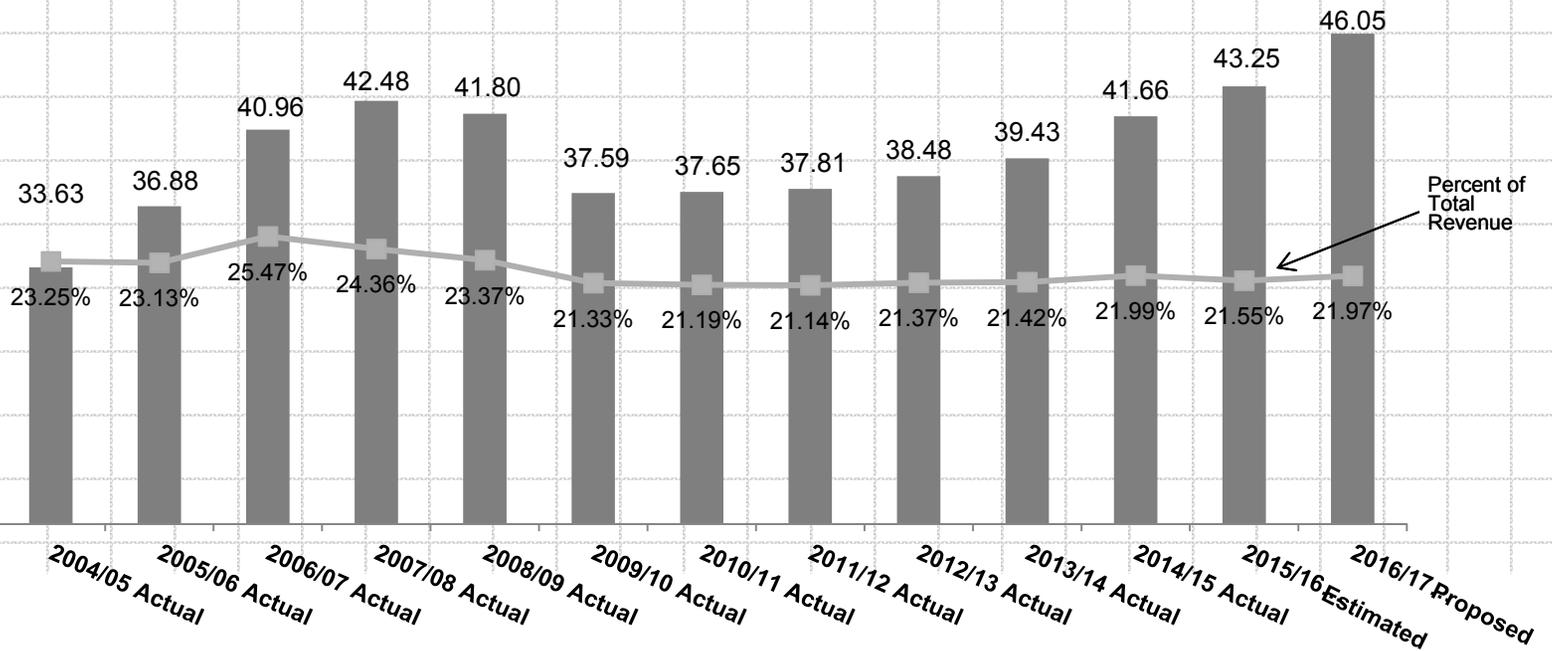


<i>Revenues</i>	15/16	16/17
	<u>Adopted</u>	<u>Proposed</u>
Taxes	43,594,029	46,049,002
Licenses, Permits & Franchises	4,151,534	4,253,112
Fines, Forfeitures, & Penalties	3,100,238	3,005,762
Use of Money & Property	5,263,033	5,369,399
Federal/State Intergovernmental	<b>85,294,495</b>	<b>91,623,660</b>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

# History of Revenues by Source



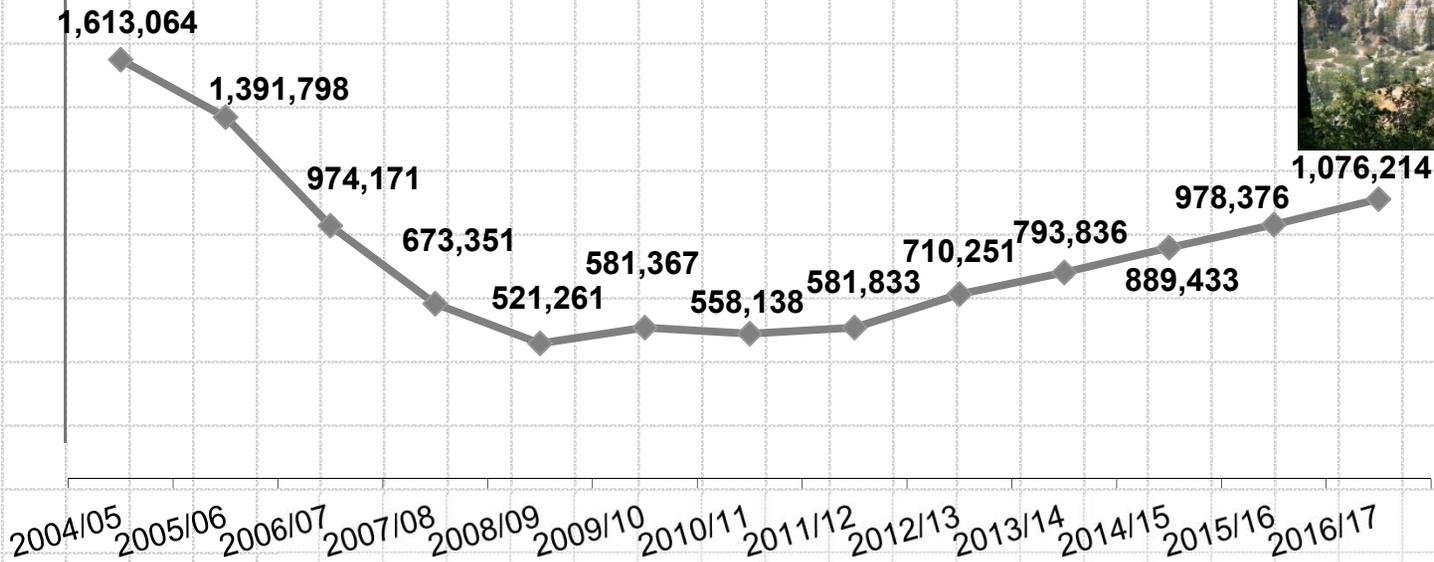
**Tax Revenues**  
\$millions



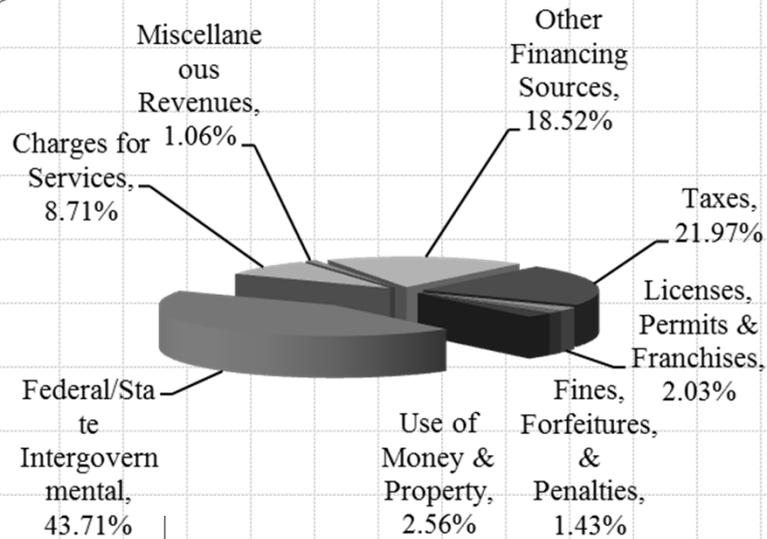
# Property Tax Projections



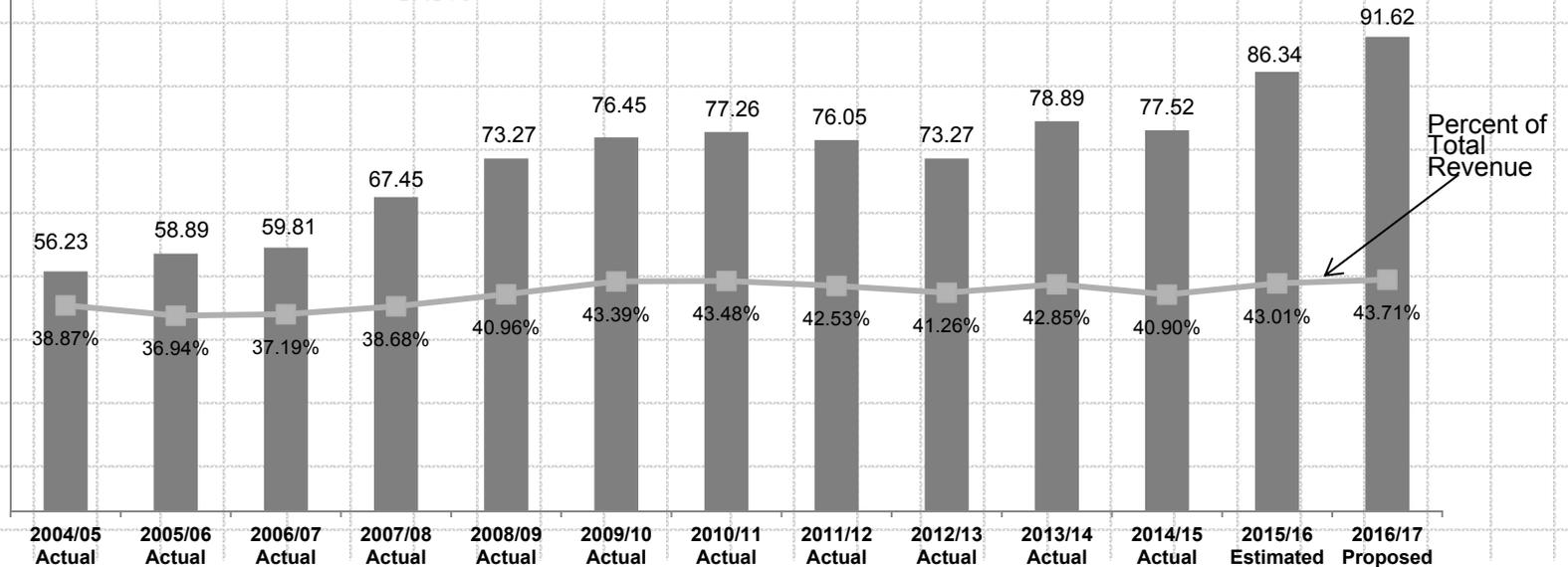
## Transfer Taxes



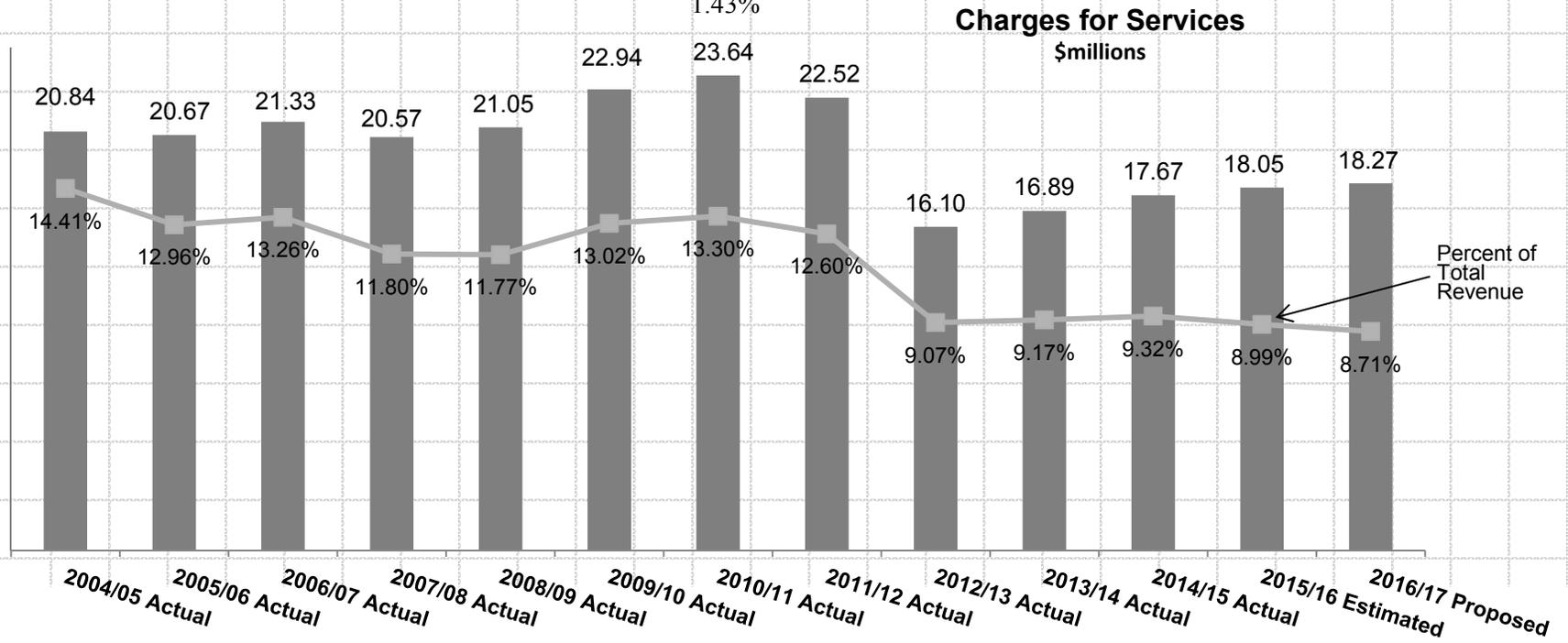
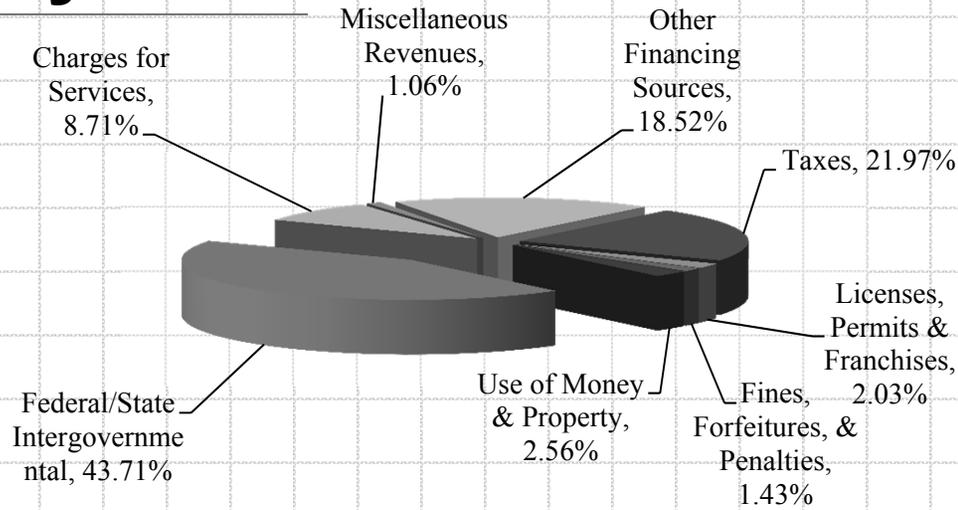
# History of Revenues by Source



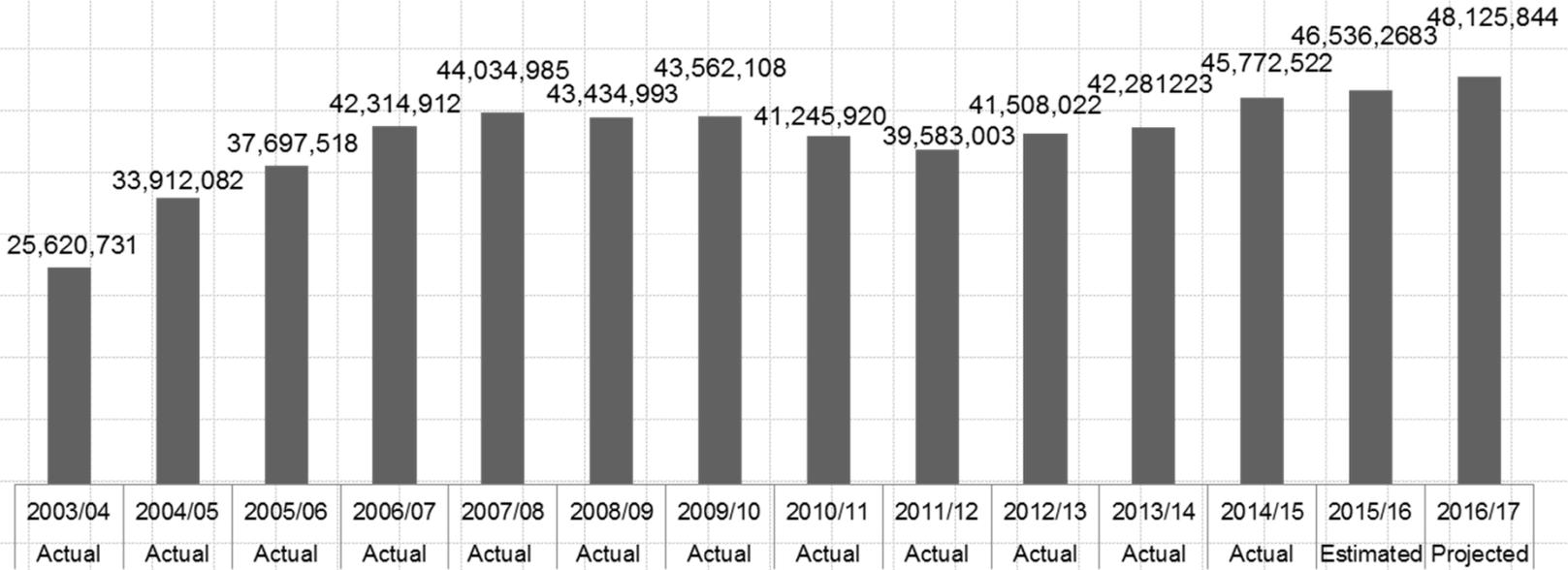
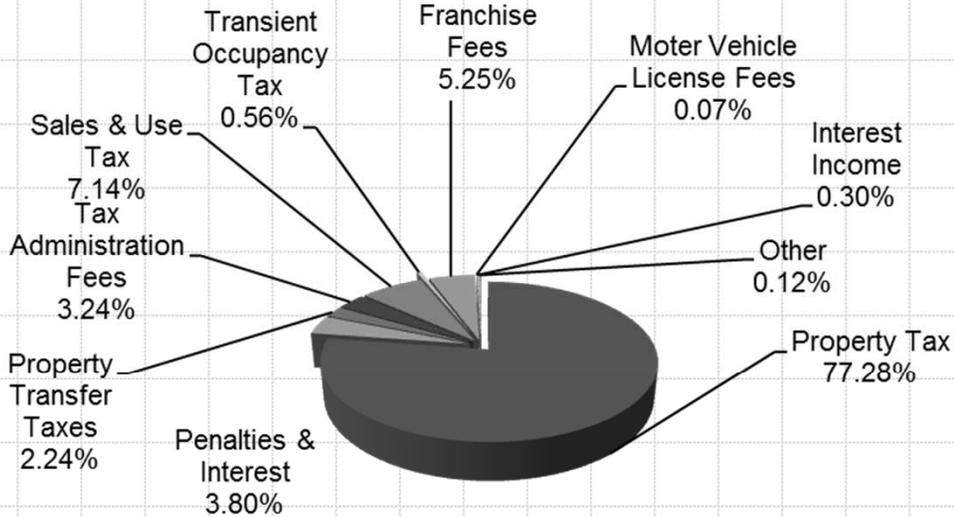
**Federal/State Intergovernmental Revenues**  
\$millions



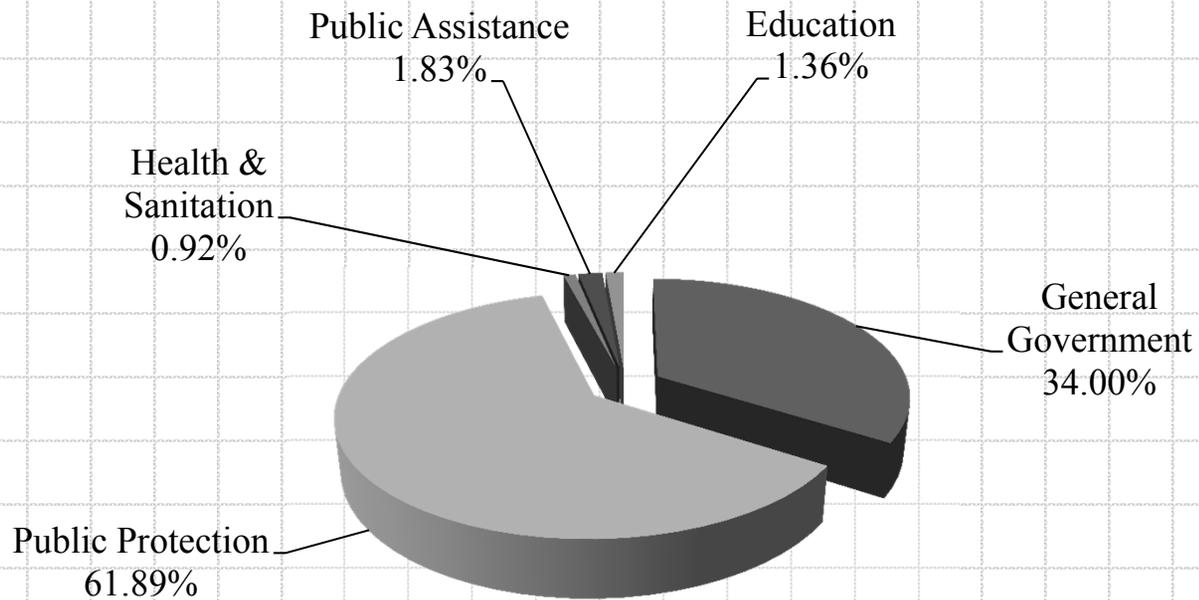
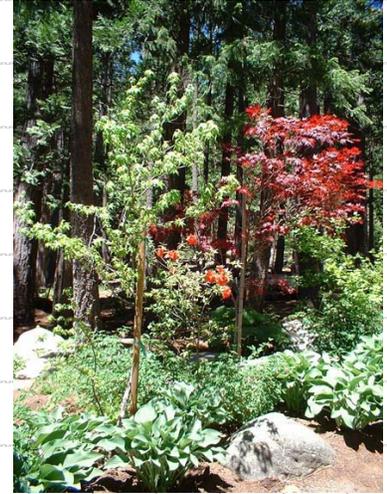
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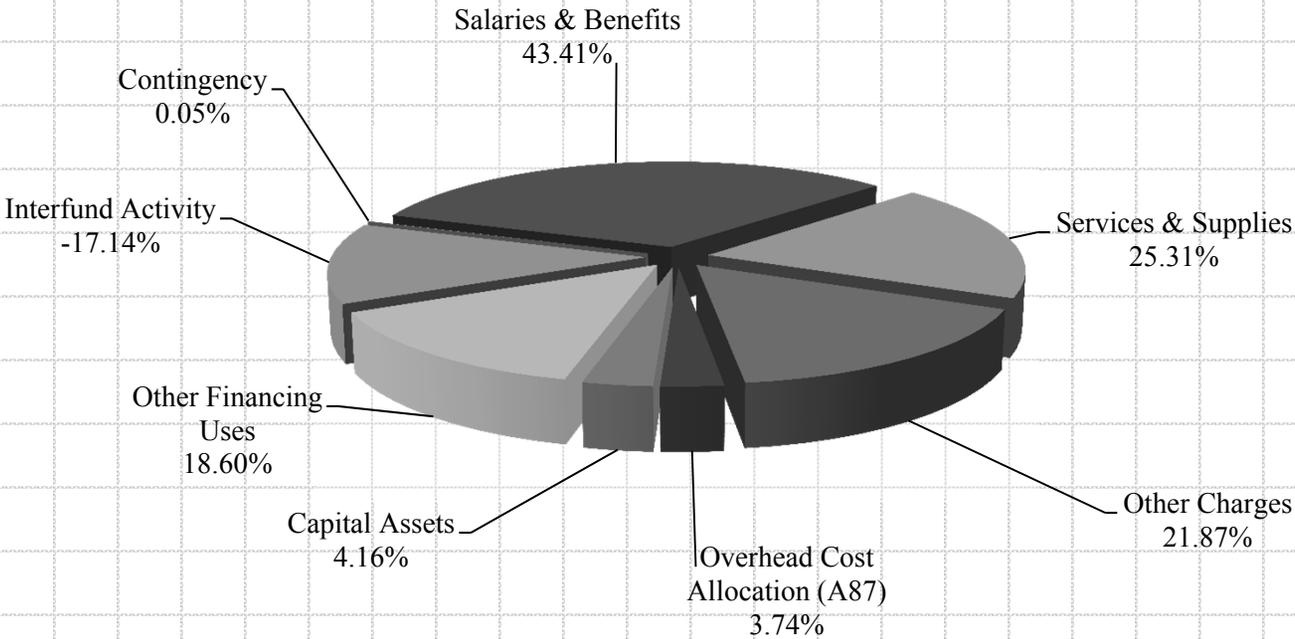
# Total General Fund Discretionary Revenue



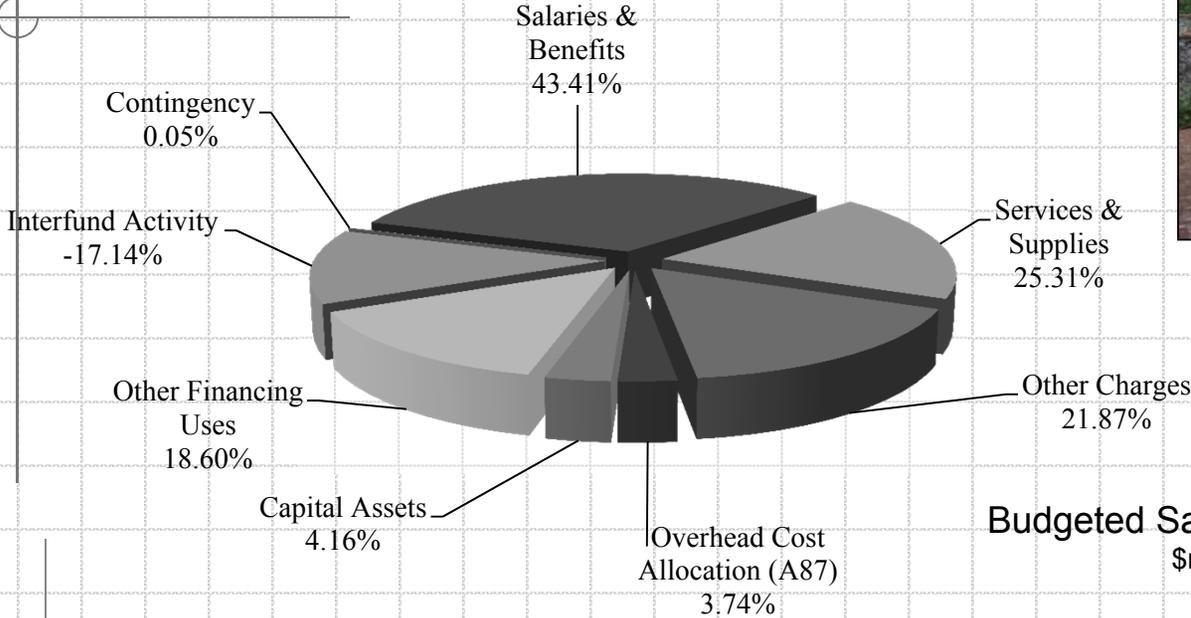
# Uses of Discretionary Revenue



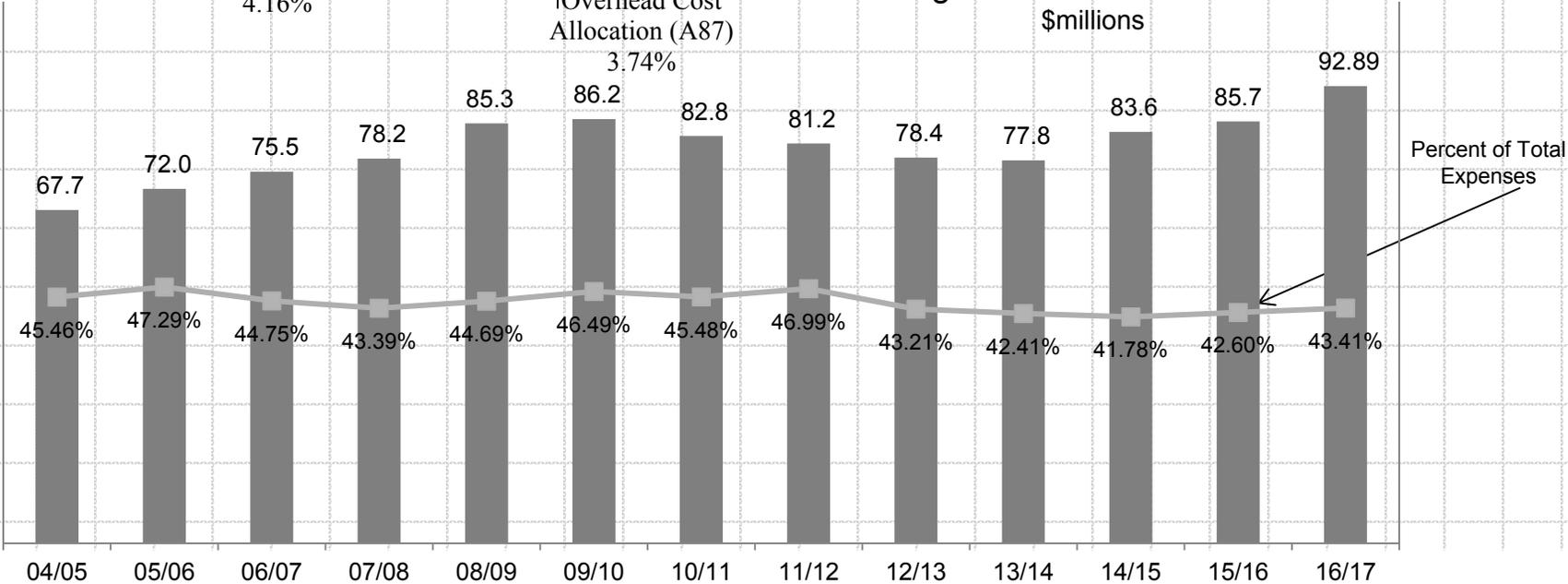
# Expenditures by Class



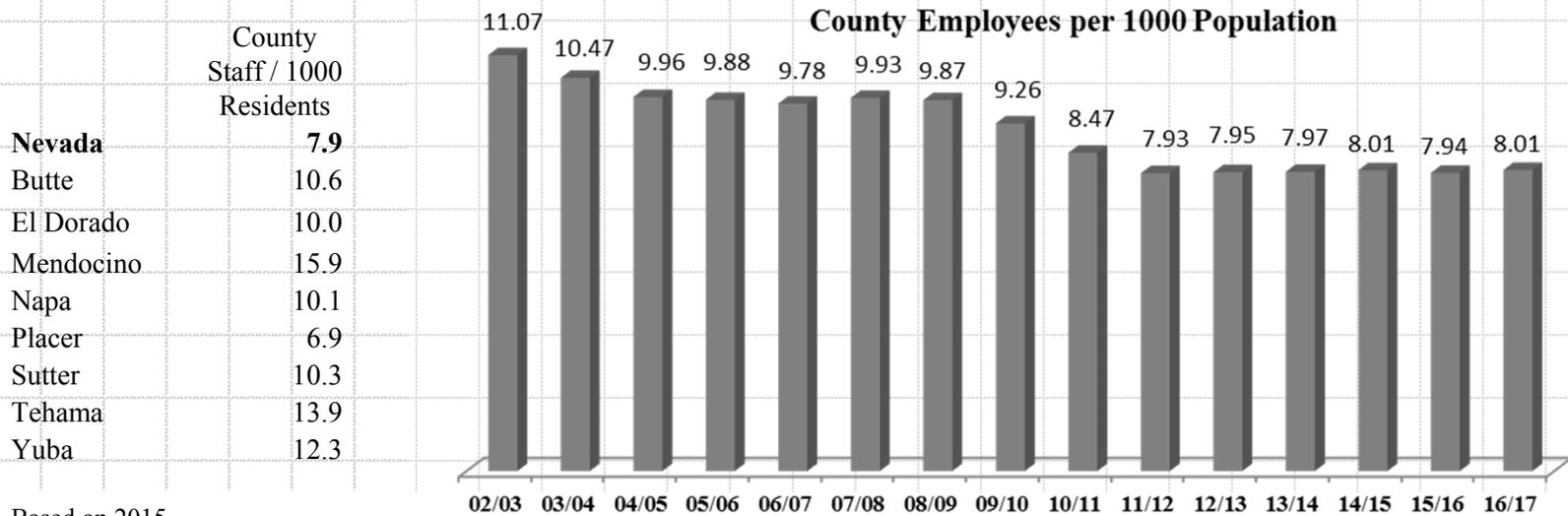
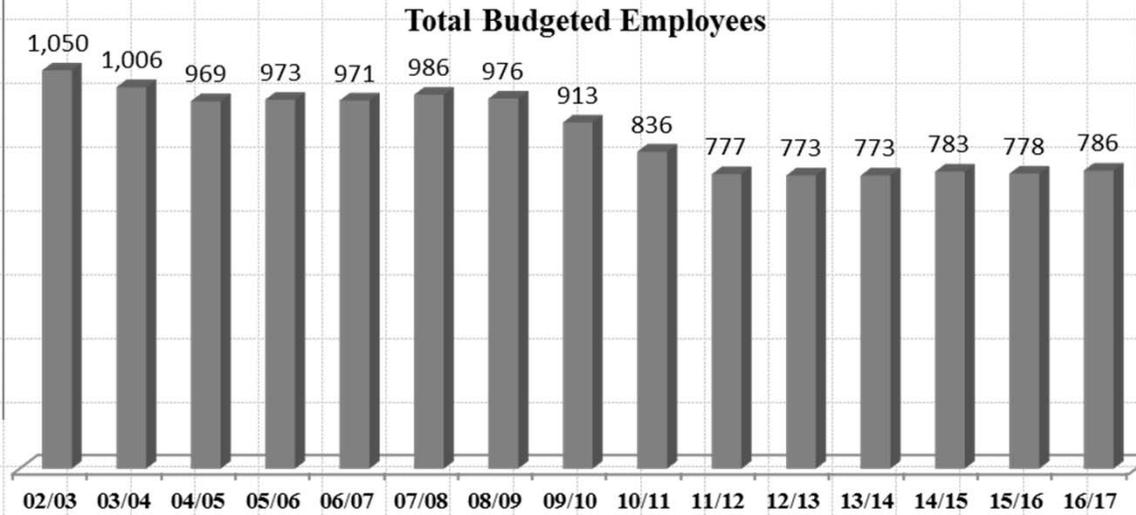
# Salaries and Benefits



Budgeted Salaries & Benefits  
\$millions



# Staffing



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

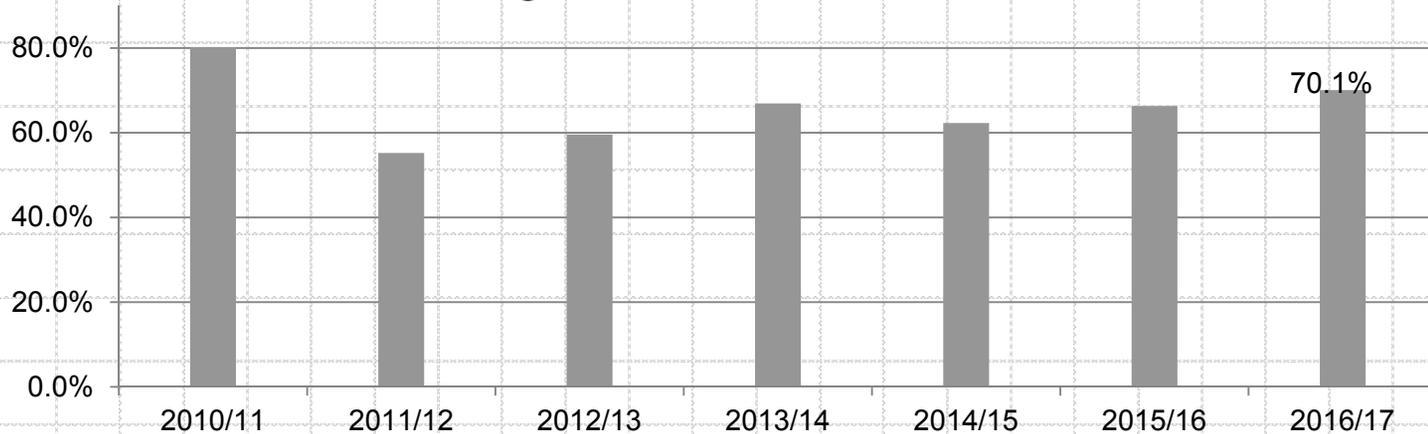
Based on 2015 Data

# Pension & Retiree Health Promises



## Nevada County Funding Ratios

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



## Nevada County ARC

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

# Pensions

## Recent Developments



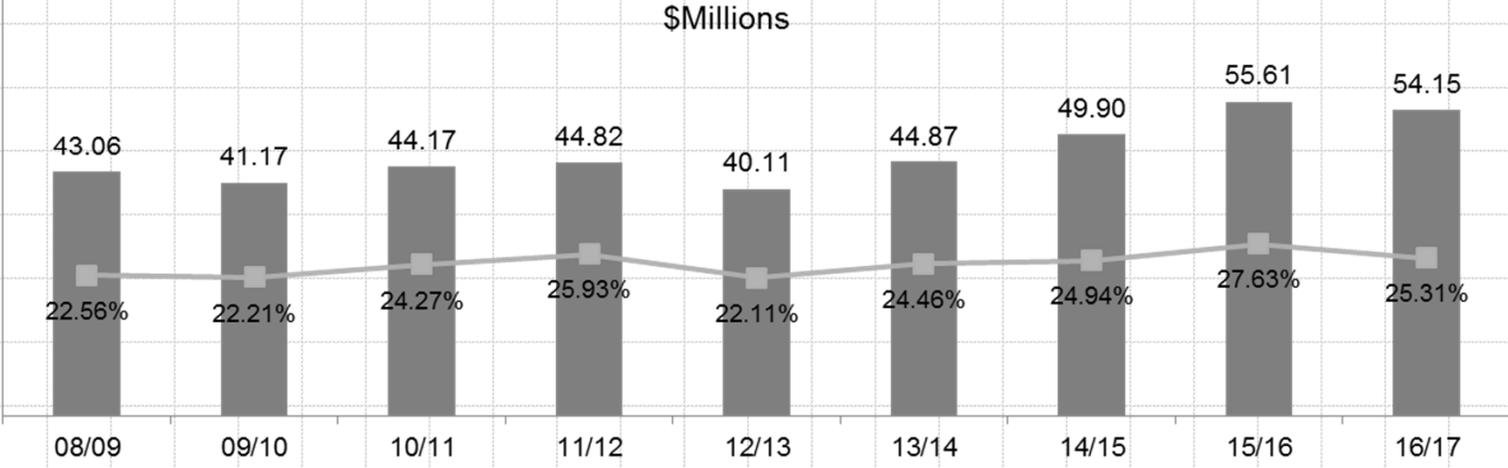
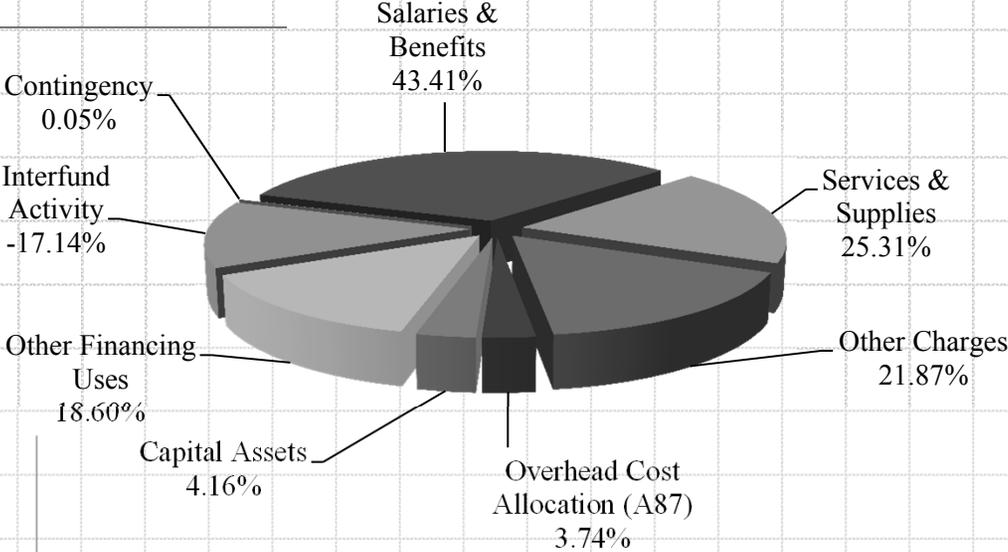
- GASB #68 Financial Reporting Changes 14/15
- CalPERS Actuarial, Demographic, Risk Mitigation Changes
- Short Term Pain; Strength in Long-Term
- Increases in Actuarial Required Contribution
  - Actuarial Changes effective 15/16 through 19/20
  - Demographic Changes 16/17 through 20/21
  - Risk Mitigation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

# **Actions Taken Under Local Control**

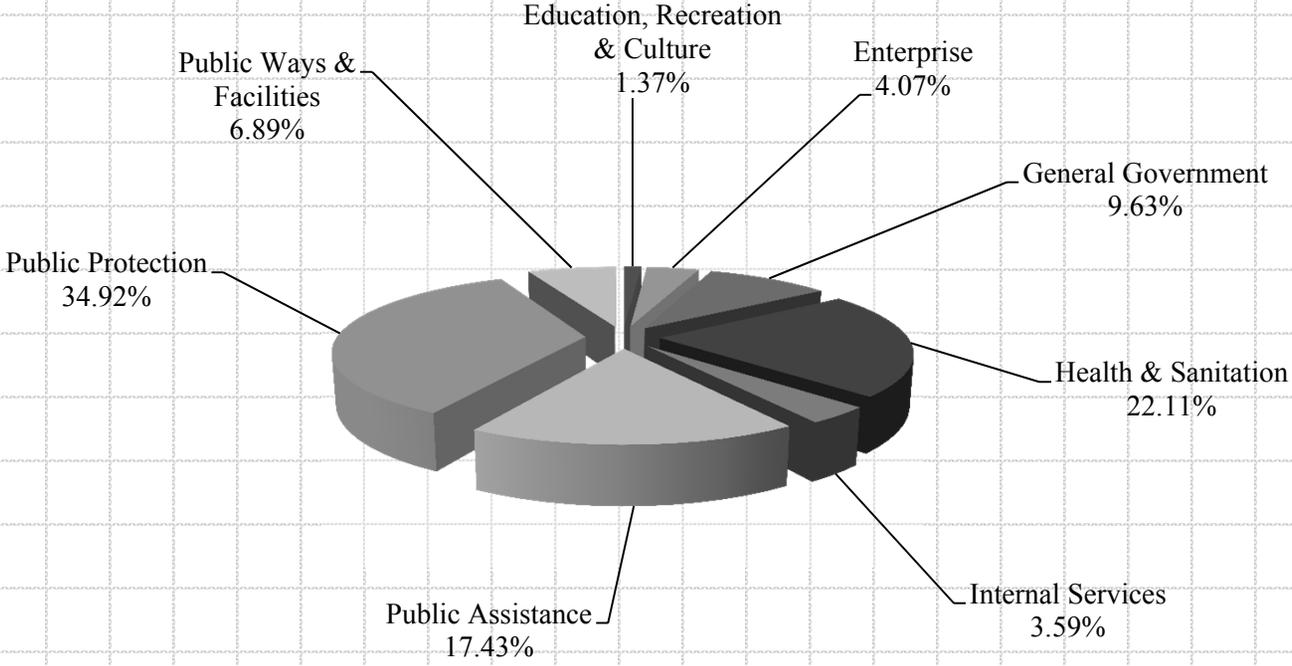


- Focused Staff Reductions in Response to Workload/Revenue Declines
- New Mandated Programs Implemented by Contract
- Consideration of Alternative Service Delivery Models
- Early Implementation of OPEB Funding
- Eliminated Retiree Health for Hires Post 7/1/08
- Employees Pay a Share of Pension Cost
-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

# Services and Supplies



# Expenditures by Function





# Capital Facilities & Infrastructure



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

# State and Federal Budgets



## State Budget

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

# State and Federal Budgets



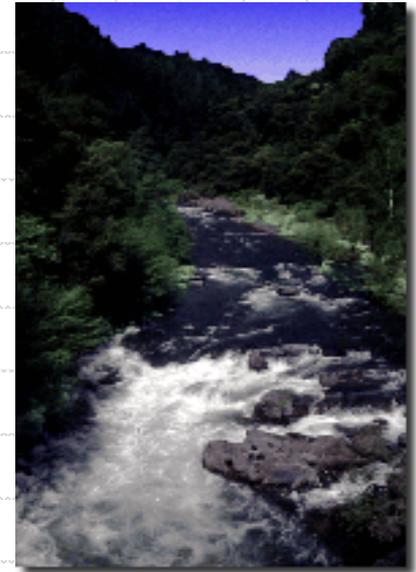
- Federal Budget
  - Budget passed on Dec. 19<sup>th</sup> through Sept. 30, 2016
  - Increase in Federal outlays
  - Secure Rural Schools approved through 16/17

## Other Threats

- Continued Realignment
- The Next Economic Downturn

# Nevada County Preparations

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



# **Nevada County 2016-17 Proposed Budget**

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

