

# Preliminary Year End Close-Out Report

Fiscal Year 2014-2015

County of  
Contra Costa  
California

# Reserve Classifications

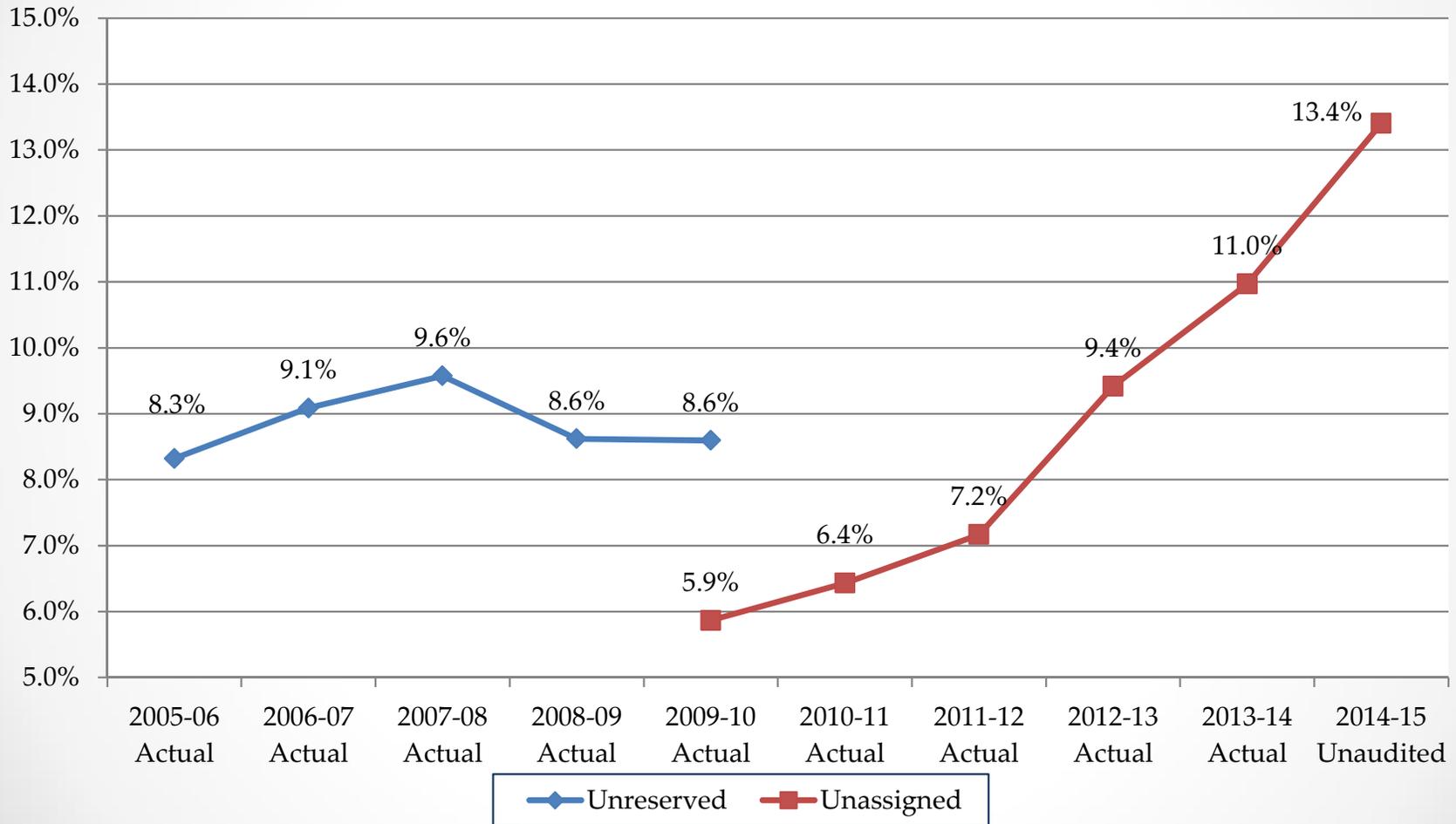
<b>Classification</b>	<b>Definition</b>	<b>Example</b>
Non-spendable	Inherently non-spendable.	Inventories, Prepaid Items & Deposits
Restricted	Source of constraint is external or the source is Board action passing a County ordinance where the ordinance specifies constraints on the funds by an underlying Government code.	Lease Purchases, Mitigation revenues – Transfer Stations, Richmond Sanitary Service, Doherty Valley, Vehicle Theft, HOPWA, etc.
Committed	Source of constraint is passing of an ordinance with no external constraint on the funds, and the constraint can only be removed via the same Board action.	TOT Futures
Assigned	Items that can lapse or change without Board action such as budget items or encumbrances that are not otherwise restricted or committed and funds supported only by a Board order or resolution.	Encumbrances, equipment replacement, audit and litigation reserve, general fund capital reserve, Venture Capital, CCTV, Medicare Part D, CMS, etc.
Unassigned	Total fund balance in the general fund in excess of non-spendable, restricted, committed, and assigned fund balance.	Residual net resources

# General Fund Balance

	2011-12 <u>Actual</u>	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Unaudited</u>	Change from <u>Prior Year</u>
Nonspendable	16,474,000	6,103,000	7,946,000	10,764,000	2,818,000
Restricted	6,388,000	6,798,000	7,254,000	9,014,000	1,760,000
Committed	711,000	1,335,000	1,575,000	1,508,000	-67,000
Assigned	47,246,000	57,754,000	78,136,000	94,170,000	16,034,000
Unassigned	81,541,000	115,518,000	142,293,000	182,895,000	40,602,000
<b>Total Fund Balance</b>	<b>152,360,000</b>	<b>187,508,000</b>	<b>237,204,000</b>	<b>298,351,000</b>	<b>61,147,000</b>
Total Fund Balance to Total Revenue	13.39%	15.29%	18.28%	21.86%	3.58%
	2011-12 <u>Actual</u>	2012-13 <u>Actual</u>	2013-14 <u>Actual</u>	2014-15 <u>Unaudited</u>	Change from <u>Prior Year</u>
Taxes	286,122,000	294,155,000	314,670,000	336,788,000	22,118,000
Licenses, permits and franchise fees	11,344,000	10,737,000	11,678,000	13,623,000	1,945,000
Fines, forfeitures and penalties	15,131,000	28,016,000	29,357,000	27,944,000	-1,413,000
Use of money and property	3,078,000	4,967,000	3,408,000	3,821,000	413,000
Intergovernmental	479,494,000	482,049,000	488,683,000	516,511,000	27,828,000
Charges for services	203,374,000	196,362,000	207,361,000	220,355,000	12,994,000
Other revenue	139,180,000	210,328,000	242,236,000	245,487,000	3,251,000
<b>Total Revenues</b>	<b>1,137,723,000</b>	<b>1,226,614,000</b>	<b>1,297,393,000</b>	<b>1,364,529,000</b>	<b>67,136,000</b>

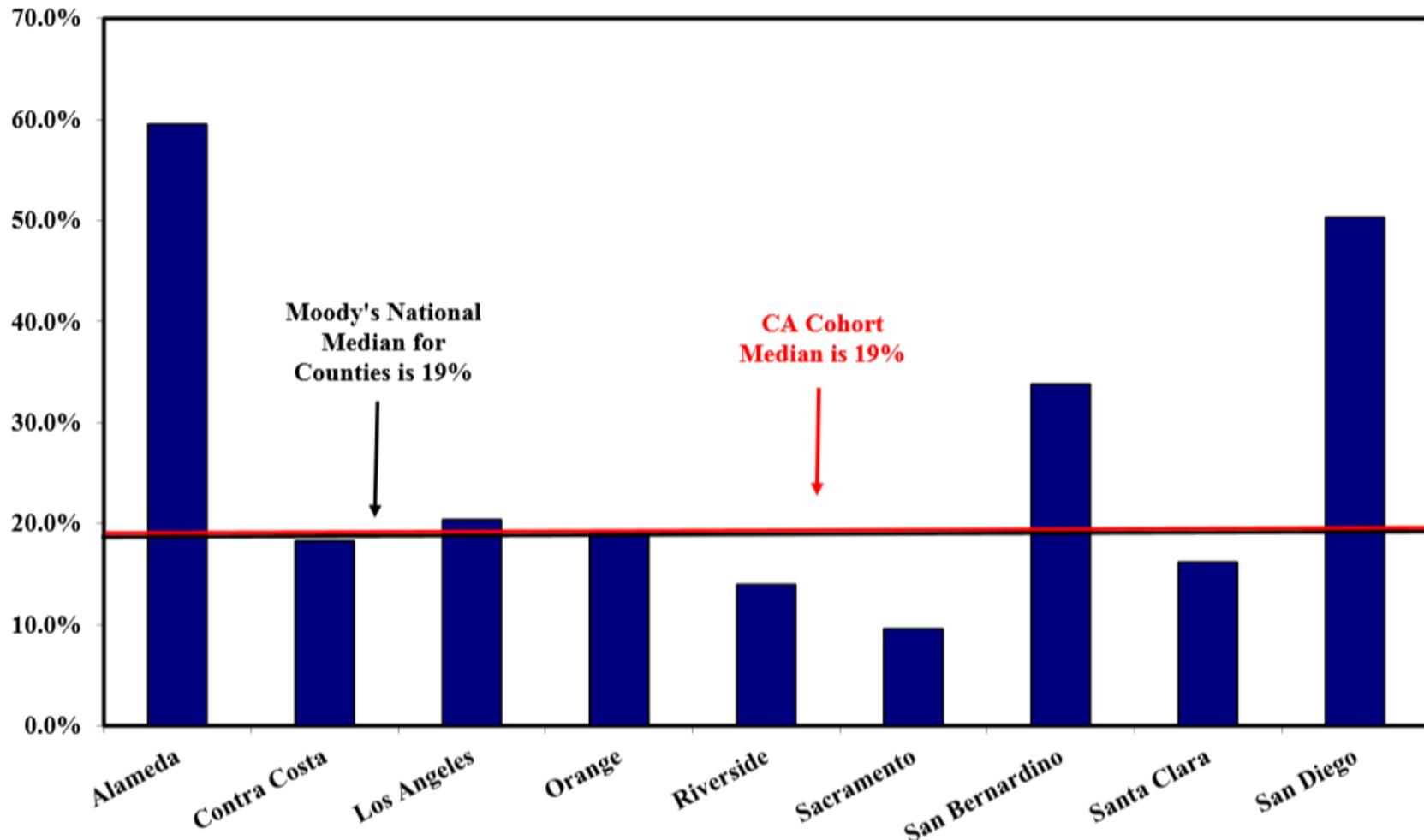
# Unreserved/Unassigned Fund Balance

## As of June 30



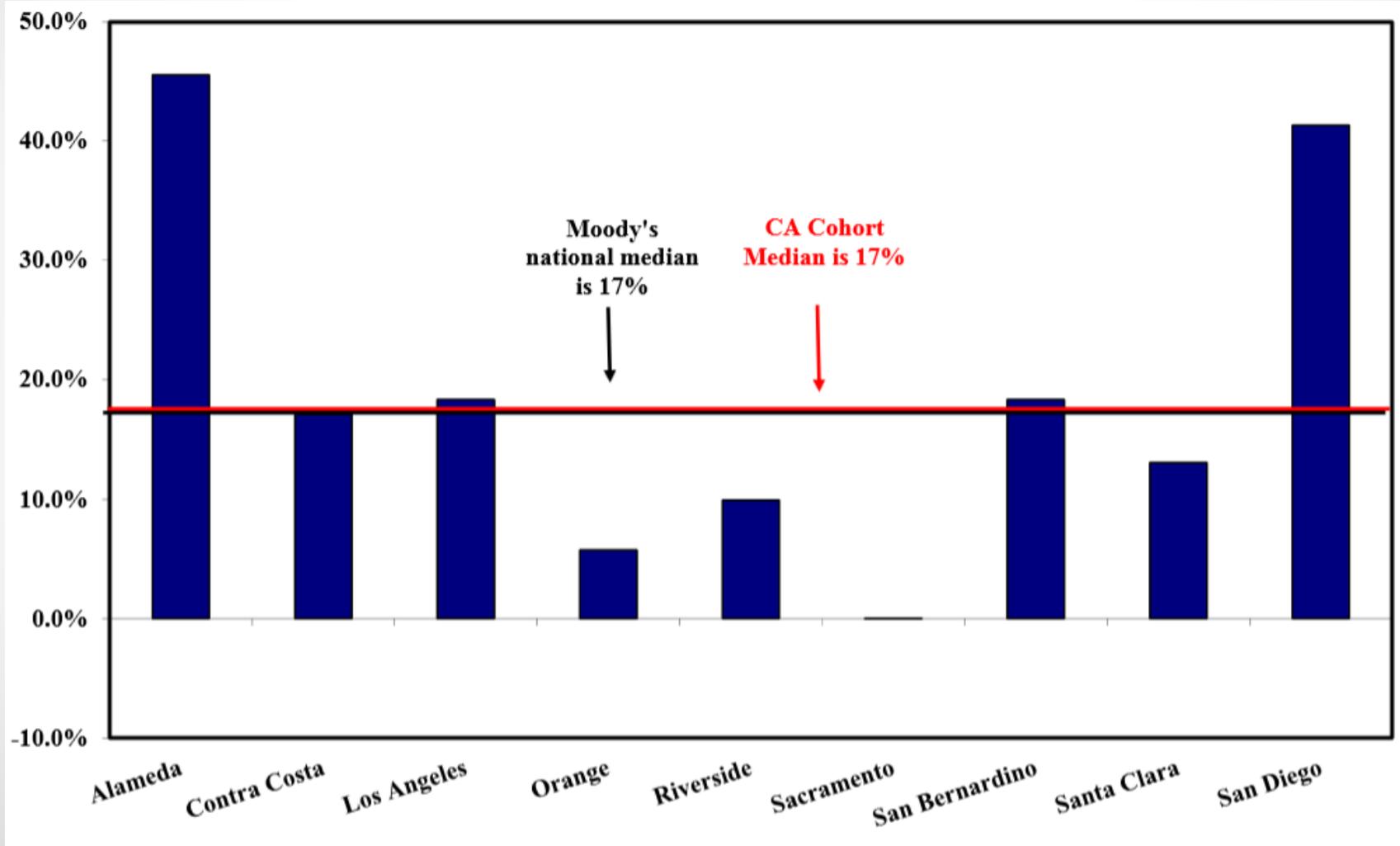
# Total Fund Balance as % of Revenues

## As of June 30, 2014

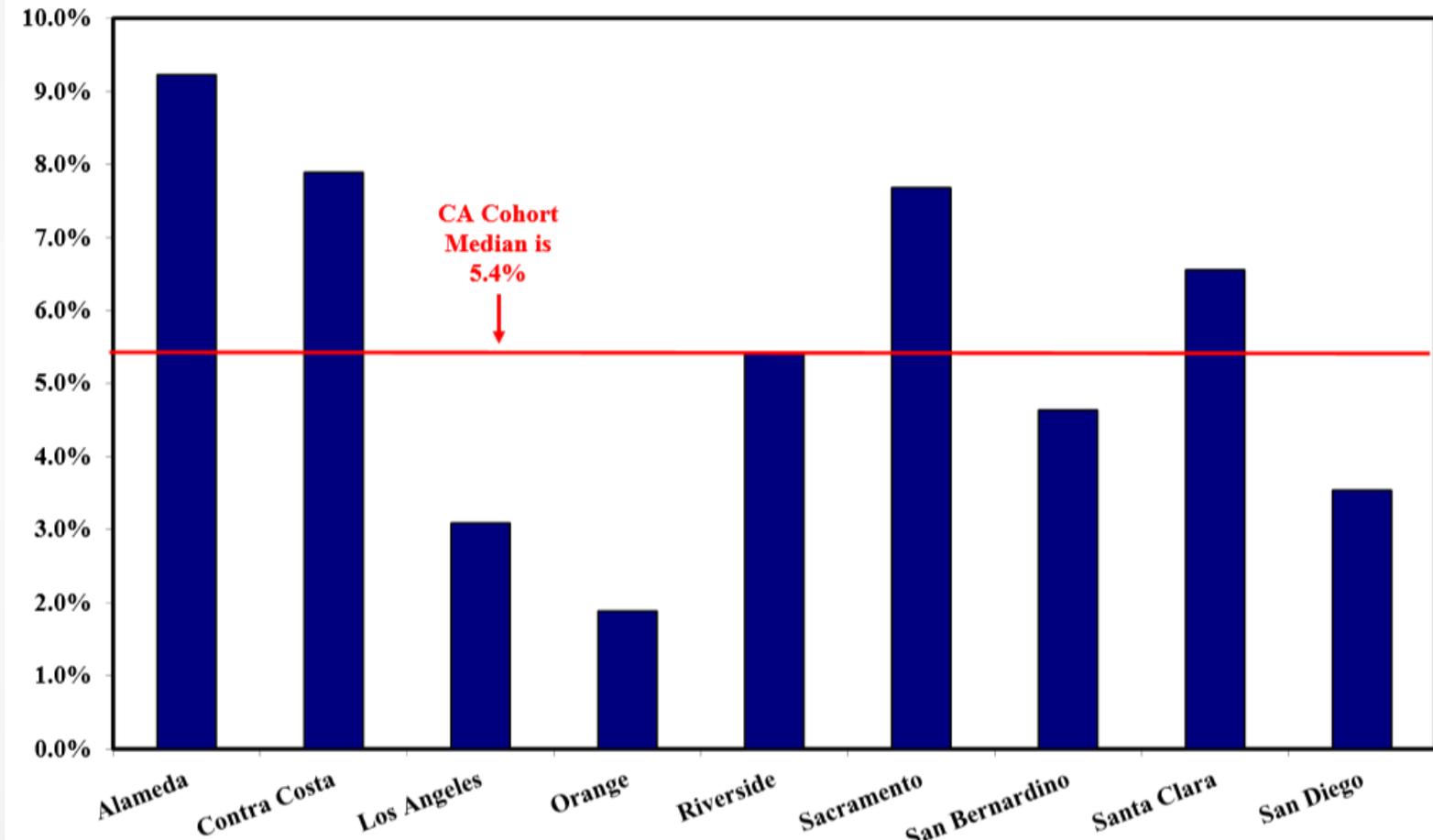


# Available Fund Balance as % of Revenues

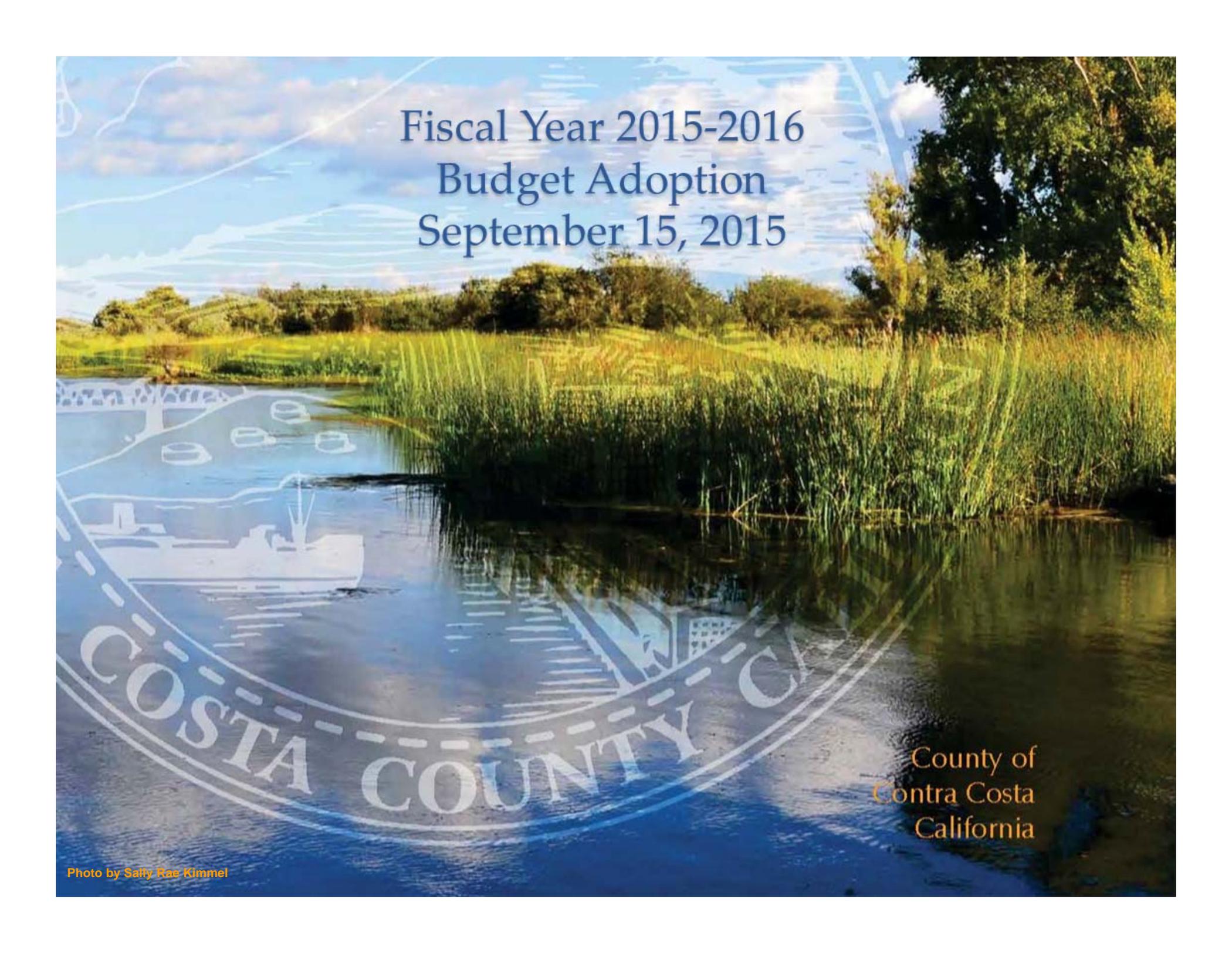
## As of June 30, 2014



# Annual General Fund Debt Service Burden as Percent of General Fund Revenues As of June 30, 2014



Alameda County had the highest annual debt service burden among the counties as measured by Annual General Fund Debt Service as a Percent of General Fund Revenues. Contra Costa County had the second highest annual debt service burden followed closely by Sacramento County. While the County improved upon this metric in the past couple of years, its relatively poor performance may reflect the large decline in County revenues compared to the cohort counties due to prior weakness in assessed valuation performance. 7



Fiscal Year 2015-2016  
Budget Adoption  
September 15, 2015

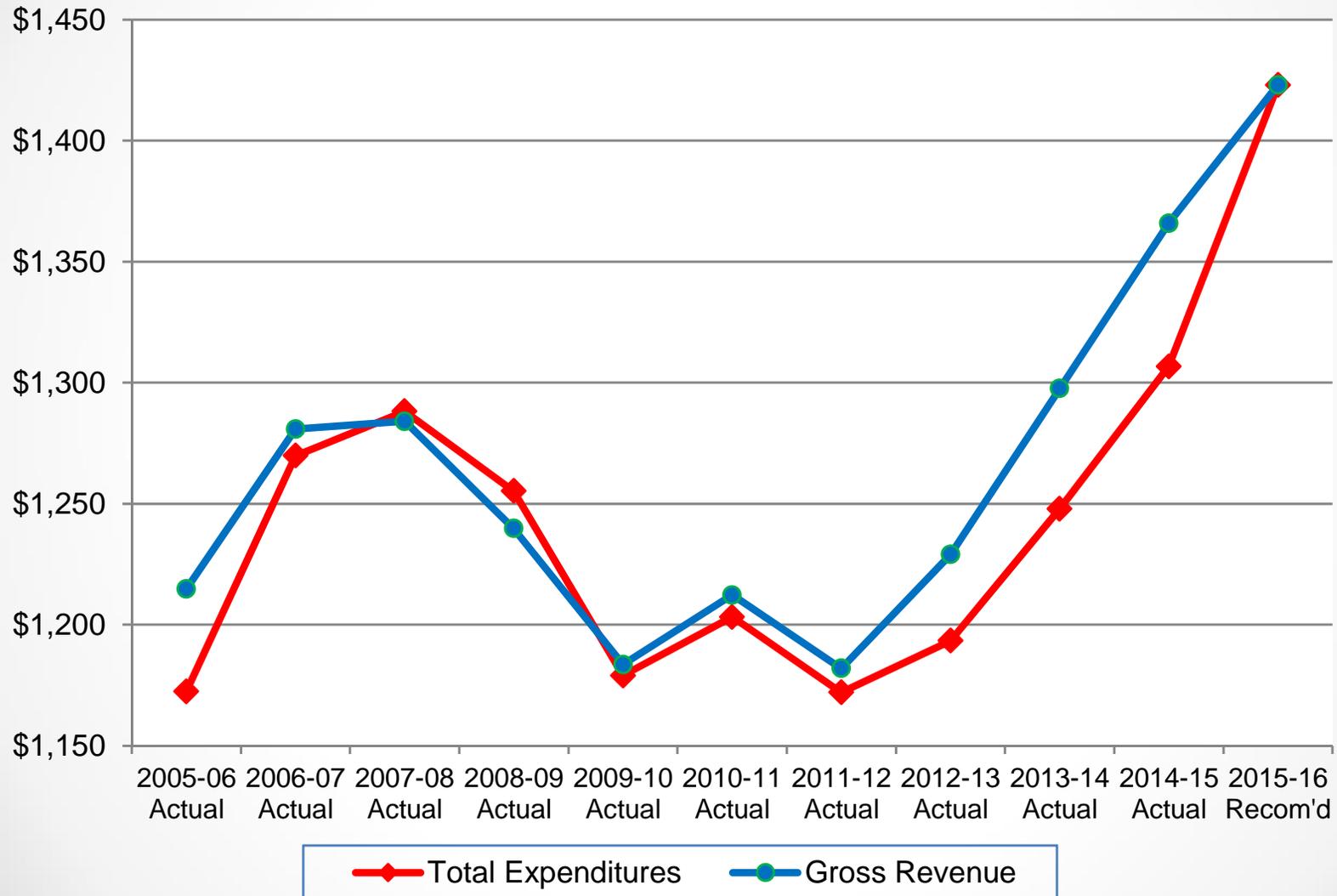
County of  
Contra Costa  
California

# Contra Costa County Moving in Right Direction



# Change in General Fund Actual Status

(Operational)



# Tax Losses Reserve Fund

Recent higher than 'normal' delinquency deposits into the Tax Losses Reserve have allowed the County to:

- Transfer larger annual amounts into the General Fund for general purpose;
- Fund property tax related losses such as the FY 12-13 adverse decision regarding Property Tax Administration Fees (\$5.3 million) without impacting services in the General Fund; and
- Fund much needed facility repairs, which would otherwise be funded with General Fund dollars.

<u>Fiscal Year</u>	<u>Tax Losses Reserve Transfers</u>	<u>Delinquent Tax @ June 30</u>	<u>Reserve Balance @ June 30</u>
FY 05-06	9,000,000	47,003,688	26,334,817
FY 06-07	8,000,000	97,323,762	33,558,844
FY 07-08	10,000,000	143,490,997	45,174,112
FY 08-09	9,000,000	129,971,278	66,209,174
FY 09-10	9,000,000	101,461,335	84,269,785
FY 10-11	12,000,000	78,164,109	94,110,127
FY 11-12	9,000,000	96,699,117	101,354,611
FY 12-13	22,304,000	58,162,000	96,423,523
FY 13-14	22,000,000	51,636,396	90,648,537
FY 14-15 Unaudited	22,000,000	46,986,870	84,019,204
<b>Total Since 2005</b>	<b>\$132,304,000</b>		
<b>Budgeted FY 15-16</b>	<b>\$22,000,000</b>	<b>[\$12 M for general purpose; \$10 M for facilities]</b>	

# Bargaining Contract Status

	<u>Total Number of Employees</u>	<u>Contract Expiration Date</u>
<b><u>Currently Negotiating</u></b>		
California Nurses Association	577	7/31/2014
California Nurses Association - Per Diem Unit	340	1/31/2013
CCC Deputy District Attorneys' Association	83	6/30/2015
Contra Costa County Defenders Association	76	6/30/2015
IHSS SEIU - United Healthcare Workers West		10/31/2015
Probation Peace Officers Association	247	6/30/2015
Expired or Expiring as of September 10, 2015	1,323	14.2%
<b><u>Settled</u></b>		
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	1,671	6/30/2017
AFSCME Local 512, Professional and Technical Employees	277	6/30/2016
Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit	800	6/30/2016
District Attorney Investigator's Association	13	6/30/2016
IAFF Local 1230	251	6/30/2017
Physicians and Dentists of Contra Costa	256	10/31/2016
Professional & Technical Engineers – Local 21, AFL-CIO	899	6/30/2016
Public Employees Union, FACS Site Supervisor Unit	15	6/30/2016
Public Employees Union, Local One	2,426	6/30/2016
SEIU Local 1021, Rank and File and Service Line Supervisors Units	999	6/30/2016
United Chief Officers' Association	12	6/30/2017
Western Council of Engineers	23	6/30/2017
Management Classified & Exempt & Management Project	343	7,985
	Total	9,308

# Reasons for Optimism

## Positive Economic Outlook

- State Revenues Up
- State Budget reasonably stable
- Affordable Care Act intact
- 7.5% growth AV revenue in 2015/16
- Unemployment rate down to 5.2% (pre Great Recession rate)

## Positive County Results

- Structurally balanced Budget for **fifth** year in a row
- OPEB managed
- Minimal Lay Offs over past 5 years
- Have begun pre-funding infrastructure needs
- Fund balance increased
- Standard & Poor's Rating AAA
- Stabilized AB 109 funding for Community Corrections Partnership (CCP)
- Pension costs appear stable after 5 years of double digit increases
- Authorized establishment of Laura's Law to be in place effective Fall of 2016

# Reasons for Concern

- Contra Costa County Economy will continue slow recovery
- Extremely high number of vacant positions
- High number of vacant key management positions
- Labor Negotiations
  - Pent-up demand for wages
  - Health Insurance Costs
  - Increased costs of benefits
- Fund Infrastructure Needs (Repair & Maintenance)
- Aging Technology – People Soft Upgrade
- Unfunded Pension & Health Insurance Liability
- Adequate funding for Public Safety Departments
- Affordable Care Act (ACA) May depend on who is the next President
- CCC Fire Protection District – EMS Cooperation; Structure; and Funding
- Doctors Medical Center Closure
- Need to continue to Build Reserves for next economic downturn

# Conclusion

- Our ending fiscal condition continues to improve.
- As a County, we will continue our focus on
  - Fiscal Health, Service Delivery, Efficiency & Effectiveness
  - Employee training, Team & Organizational Development
- Continued efforts to avoid short term solutions and not relying on one-time resources together with balanced increases to employee compensation/benefits is key to retaining a structurally sound fiscal condition, which will provide for **sustainable growth** in the future.