

# CLARK COUNTY STAFF REPORT

**DEPARTMENT:** Auditor's Office

**DATE:** March 14, 2017

**REQUESTED ACTION:** Approve assignment of \$4.2M in 2016 General Fund ending fund balance to pay for budgeted one-time projects instead of financing.

Consent     Hearing     County Manager

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## **BACKGROUND**

In the adopted 2017-18 budget, the County Council approved package BGT-06. This package proposed to finance 2015-16 and 2017-18 one time projects, in the total amount of \$7.5 million with total interest payments of approximately \$0.5 million for the life of the loan. Major projects include the replacement of the telephone system; the Document Imaging Software Replacement; the replacement of the Financial Management System; and critical network and IT security upgrades. The net savings to the General Fund during the 2017-18 biennium was to be \$5.2 million – which is the net difference between the \$7.5 million in revenue from financing and the \$2.3 million debt payments. When adopting the budget the council gave direction to staff that if there were one-time funds above the forecast available in the actual ending fund balance that those funds be used in lieu of financing.

In order to remove the financing component from the 2017-18 budget, the budget would need to be updated to reflect the use of \$2.4 million in REET to pay for the telephone system, of which \$1.7 million is General Fund; this action was also discussed by Council at the time the 2017-18 budget was adopted, with a recommendation to follow up in the spring 2017 budget supplemental (scheduled for May 2017). The remaining amount of \$3.5 million would come from General Fund. In addition, \$0.7 million would be needed in General Fund support for certain departments – mainly public health and community services – which are unable to fund the cost of the system upfront. Therefore, in order to remove the financing package and replace the funding sources with REET and General Fund one-time fund balance, a total \$2.4 million in REET commitment and \$4.2 million in General Fund one-time commitment would be required.

## **COUNCIL POLICY IMPLICATIONS**

The requested assignment of available year-end fund balance for budgeted one-time projects is consistent with Council past practices and recommended best practices. This action puts into place a stated council directive to use available one-time funds in lieu of financing projects during the 2017-18 biennium budget.

## **ADMINISTRATIVE POLICY IMPLICATIONS**

This action will assign fund balance on the 2016 financial statements to support the BOCC's request.

## **COMMUNITY OUTREACH**

None

**BUDGET IMPLICATIONS**


YES	NO	
N/A		Action falls within existing budget capacity.
N/A		Action falls within existing budget capacity but requires a change of purpose within existing appropriation
N/A		Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be referred to the county council with a recommendation from the county manager.


**BUDGET DETAILS**

Local Fund Dollar Amount	
Grant Fund Dollar Amount	
Account	
Company Name	

**DISTRIBUTION:**

Board staff will post all staff reports to The Grid. <http://www.clark.wa.gov/thegrid/>

  
 Mark A. Gassaway  
 Finance Director

  
 Greg A. Kimsey  
 Auditor

**APPROVED:**   
 CLARK COUNTY, WASHINGTON  
 BOARD OF COUNTY COUNCILORS

DATE: MAR-14, 2017  
 SR# 058-17



**APPROVED:** \_\_\_\_\_  
 Mark McCauley, County Manager

DATE: \_\_\_\_\_

# BUDGET IMPACT ATTACHMENT

## Part I: Narrative Explanation

I. A – Explanation of what the request does that has fiscal impact and the assumptions for developing revenue and costing information

## Part II: Estimated Revenues

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
<b>Total</b>						

II. A – Describe the type of revenue (grant, fees, etc.)

## Part III: Estimated Expenditures

III. A – Expenditures summed up

Fund #/Title	FTE's	Current Biennium		Next Biennium		Second Biennium	
		GF	Total	GF	Total	GF	Total
<b>Total</b>							

III. B – Expenditure by object category

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
Salary/Benefits						
Contractual						
Supplies						
Travel						
Other controllables						
Capital Outlays						
Inter-fund Transfers						
Debt Service						
<b>Total</b>						