

2020 Fall Budget Supplemental

Council Work Session

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Wednesday, September 16, 2020 at 9:00 am

WebEx Meeting



Work Session Goals

2020 Fall Budget Supplemental

- Budget requests and recommendations
- Obtain Council feedback



Supplemental Budget Process Overview



Supplemental Budget Appropriations

RCW 36.40

- Unforeseen situations:
 - Safety and welfare
 - Hinders ability to fulfill statutory obligation
- Labor contracts, legal settlements or other judgements
- Unforeseen revenue sources that are associated expenditures



2020 Fall Supplemental Calendar

Submissions due	Monday, August 17, 2020
County Manager preliminary report review.....	Friday, August 28, 2020
Meetings with Departments/Offices	August 31 -September 3, 2020
County Manager develops recommendations	Friday, September 4, 2020
One-on-Ones with the Council	Monday, September 14, 2020
Work Session	Wednesday, September 16, 2020
Pre-consent hearing request	Thursday, September 24, 2020
Notice of Public Hearing	Tuesday, October 6, 2020
Public Hearing	Tuesday, October 20, 2020



2020 Fall Supplemental

A total of 51 budget requests (decision packages) were received, related to:

- Maintaining service levels, meeting increased workload demands
- Infrastructure upkeep and replacement
- Revenue forecast updates
- Recognizing items with no impact on fund balance: grants, contractual reimbursements, technical adjustments



Types of Requests

- Previously Approved by Council

12

- Budget Neutral

8

- Budget Carryforward

3

- Technical Adjustment

6

- New Request

22



County Manager Recommendations



2020 Fall Supplemental *recommendations*

- 51 packages are recommended
- 24 of the 51 packages have general fund component



Impact to Funds



2020 Fall Supplemental *impacts to fund balance*

Total

2020: (\$2,681,729)

On-going: (\$582,138)

General Fund

2020: (\$1,904,703)

On-going: (\$267,652)



2020 Fall Supplemental *impact by fund*

Fund Number	Fund Name	Sum of 2020 Fund Balance Change	Sum of 2021 Fund Balance Change
0001	General Fund	(1,904,703)	(267,652)
1003	Event Center	400,000	-
1011	Planning And Code	878,372	170,393
1012	County Roads	(592,105)	(159,797)
1014	Bonneville Timber	14,185	14,185
1020	Treasurers O & M Fund	(20,000)	(20,000)
1021	Law Library Fund	12,667	-
1025	Health Department	-	(105,082)
1026	Exhibition Hall Dedicated Revenue	(420,000)	-
1027	Campus Development	(46,652)	-
1032	MPD-Operations	(91,314)	(23,643)
1033	Mental Health Sales Tax	(25,959)	-
1937	Local Housing & Homelessness	-	-
1952	Mental Health	(174,041)	-
1953	Developmental Disability	-	-
3055	Urban REET Parks	300,000	-
3083	Economic Development Dedicated REET	(71,757)	-
3085	Conservation Futures	9,458	9,458



2020 Fall Supplemental *impact by fund* (cont.)

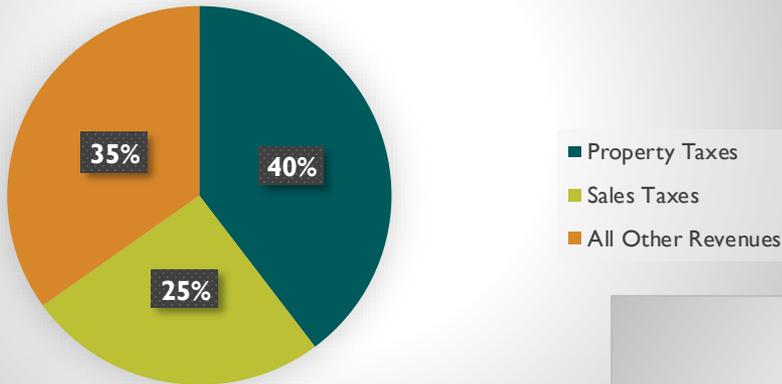
Fund Number	Fund Name	Sum of 2020 Fund Balance Change	Sum of 2021 Fund Balance Change
3194	Technology Reserve	(187,086)	-
3275	PIF District 5 - Acquis& Develop. combined	(300,000)	-
4014	Solid Waste	-	-
4420	Clean Water	150,748	-
5006	Elections	-	-
5040	General Liability Insurance	(23,705)	-
5043	Workers Comp. Insurance	48,523	-
5044	Retirement/Benefits Reserve	(400,000)	(400,000)
5045	Healthcare Self-Insurance	200,000	200,000
5090	Server Equipment R & R	(200,000)	-
5091	Equipment Rental & Revolving	(1,238,360)	-
5092	Data Processing Revolving	-	-
5093	Central Support Services	1,000,000	-
5193	Major Maintenance	-	-
Grand Total		(2,681,729)	(582,138)



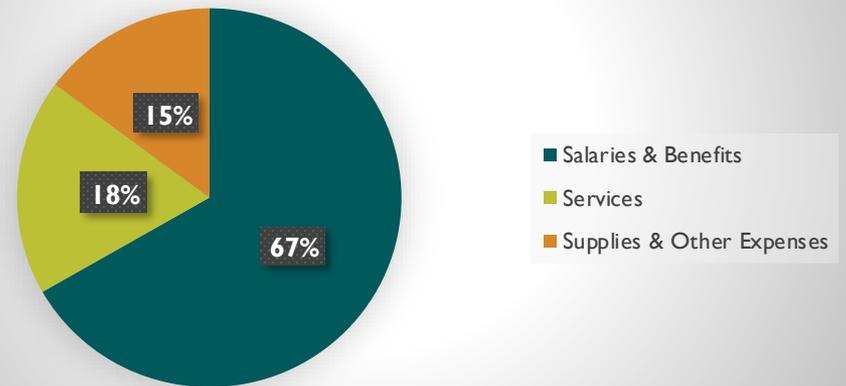
2020 General Fund Budget

Revenue & Expenses by major category

2020 General Fund Revenue Budget



2020 General Fund Expense Budget



General Fund – 2020 Fund Balance Projection

If all recommended packages are approved by the Council, the net decrease in total fund balance for the General Fund will be \$1,904,703 in 2020 and \$267,652 ongoing.

Beginning Fund Balance	36,660,000
Total Adopted Revenue	178,484,251
Total Adopted Expense	(181,235,817)
Other Modifiers	
2020 Project Revenue Loss - Sales Tax	(2,000,000)
2020 Project Revenue Loss - Charges for Goods and Services	(4,110,000)
2020 Project Revenue Loss - Other Revenue	(2,000,000)
2020 Department/Office Reductions/Cuts - FINAL June 2020 Numbers	4,519,313
2020 Anticipated Savings (in addition to submitted reductions/cuts)	1,480,687
2020 Anticipated Contingency Savings	1,000,000
2020 Anticipated CARES Act Funding (\$26M)	6,000,000
2020 Non-spendable encumbered invoices	(1,200,000)
2020 Assigned Fund Balance Items (compensated absenses)	(2,000,000)
2020 Fall Supplemental Change Request Impacts (one-time)	(1,637,051)
2020 Fall Supplemental Change Request Impacts (ongoing)	(267,652)
Total Other Modifiers	(214,703)
Projected Ending Fund Balance	33,693,731
Available Funds Calculation	
Projected Ending Fund Balance	33,693,731
Minimum Fund Balance per Policy	(26,300,000)
Projected Available Fund Balance	7,393,731



General Fund Forecast – *Revenue Assumptions*

Revenue assumptions:

- 2020 revenue assumptions assume an \$8.1M loss between sales tax, charges for good and services and other revenues.
- 2021 revenue assumptions are mostly flat from the 2020 Adopted revenue budget. This assumption was chosen due to uncertainty of COVID-19 economic impacts in 2021.
- Future years apply some basic growth rate assumptions (2022-2026 *projected annual growth rates per the table below*):

Major Revenue Categories	Projected Annual Growth 2022-2026
Property Taxes	2.5%
Sales Taxes	4.2%
Intergovernmental Revenues	1.0%
Charges for Goods and Services	1.0%
Transfers In	1.0%
Other Revenue	0.0%



General Fund Forecast – *Expense Assumptions*

Expense assumptions:

- 2020 expenses currently reflect the adopted budget less anticipated savings from submitted budget reduction scenarios as well as additional forecasted savings projected by the Auditor’s Office and Budget Office.
- 2021 expenses currently reflect baseline calculations in Questica.
- Future years apply some basic growth rate assumptions (2022-2026 *projected annual growth rates per the table below*):

Major Expense Categories	Projected Annual Growth 2022-2026
Salaries	3.5%
Benefits	5.0%
Services	3.0%
Transfers Out	2.0%
Intergovernmental	2.5%
Supplies and Other Expenses	0.5%



General Fund – 6-year forecast

****Forecast is subject to change as new data is received by the Budget Office****

	Current Year Budget Current Budget 2020	Future Year Baseline Forecast 2021	Projected Forecast 2022	Projected Forecast 2023	Projected Forecast 2024	Projected Forecast 2025	Projected Forecast 2026
Beginning Fund Balance	36,660,000	33,693,731	28,326,875	24,876,367	19,428,367	11,875,972	2,107,237
Total Budgeted Revenue	178,484,251	172,795,708	176,943,536	181,220,649	185,631,573	190,181,001	194,873,804
Total Budgeted Expense	(181,235,817)	(174,083,151)	(180,126,391)	(186,400,998)	(192,916,315)	(199,682,084)	(206,708,456)
Total Other Modifiers	1,690,000	(3,811,761)					
2020 Fall Supplemental Impacts (one-time)	(1,637,051)						
2020 Fall Supplemental Impacts (ongoing)	(267,652)	(267,652)	(267,652)	(267,652)	(267,652)	(267,652)	(267,652)
Projected Ending Fund Balance	33,693,731	28,326,875	24,876,367	19,428,367	11,875,972	2,107,237	(9,995,068)
Minimum Fund Balance per Policy	(26,300,000)	(27,200,000)	(28,144,239)	(29,124,629)	(30,142,629)	(31,199,761)	(32,297,612)
Projected Available Fund Balance	7,393,731	1,126,875	(3,267,872)	(9,696,262)	(18,266,657)	(29,092,524)	(42,292,679)

- This forecast assumes 2020 reduction scenarios are realized (vacancy savings, etc.).
- This forecast does not assume the 1% Property Tax Levy adoption for 2021 (approximately \$700K).
- 2021 revenues reflect the removal of one-time grants, projects, etc. from baseline.
- This forecast does not reflect any new funding or reduction scenarios for 2021.
- Other modifiers include changes to calculated charges (new process for 2021) and some forecasted revenue reductions for jail bed contract revenues due to COVID-19 restrictions.
- The General Fund minimum fund balance should be an estimated \$26.3 million in 2020 and \$27.2 million in 2021 per policy. Required Minimum Fund Balance is anticipated to increase annually. Years 2022-2026 reflect estimated increases based on year-over-year expense increases. These figures are calculated annually by the Auditor's Office based on actual expenses for the current year once the fiscal year is fully closed.
- It is a GFOA Best Practice for a structurally balanced budget to have reoccurring revenues equal or exceed reoccurring expenditures. Reference: <https://www.gfoa.org/print/455>.



Summary of Budget Reports



2020 Fall Supplemental *Budget Reports*

- **List of County Manager Recommended Decision Packages**
- **Summary of Decision Packages by Department**
- **Exhibit A: Supplemental Appropriation Line Item Coding**
- **Attachment A1: *Summary by Fund***
- **Attachment A2: *Summary by Fund and Request***
- **Attachment B: *Staffing Changes***
- **Exhibit B: Budget Request Narratives with Summary by Fund. *This report provides specific details for each decision package.***



Discussion & Next Steps

Discussion & Questions

Next steps

- Hearing materials to be finalized by October 6, 2020
- Public Hearing Tuesday, October 20, 2020

